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Philippine Official on Regional 'Think Tank'

BK1606084694 Manila MANILA STANDARD in English 14 Jun 94 p 5

[Text] The Philippines and other Southeast Asian [SEA] countries have initiated efforts to create a powerful "think tank" in the Asia-Pacific region, National Security adviser Jose Almonte said last weekend .

Almonte said a "building block" composed of government and private individuals from ASEAN and four Indo-China nations was formed to formulate goals and guidelines which will be presented to their respective heads of state for approval.

He made the announcement during a dinner in honor of the Philippine National Police hosted by the host committee of the Miss Universe beauty pageant at the Shangri-La Hotel in Makati Saturday night.

Almonte said the group formally met 30 and 31 May in Manila and another meeting in Kuala Lumpur, Malaysia last week.

The group is composed of 21 government officials, politicians, diplomats, college professors and technocrats from the Philippines, Malaysia, Australia, Vietnam, Indonesia, Myanmar [Burma], Cambodia, Thailand and Laos.

"The main goal of the group is to advise our respective governments on how to strive to become a major force in the Asia-Pacific region and later be worthy as a building block of a global community, Almonte said.

He said the think tank that includes non-members of the Association of Southeast Asian Nations will tackle not only regional security and economic development but also mutual respect for each country's internal affairs with respect to the dignity of every person.

"The group envisions a regional community, not patterned after the European Economic Community, but a new model of international cooperation based on the principles of peace, prosperity and justice with respect to individual rights," Almonte said.

Almonte said the members of the think tank include people with a common vision of a borderless Southeast Asia.

He said one of the initial proposals of the group are the holding of a SEA Summit as soon as possible to decide formally on the projected creation of more cohesive SEA cooperation.

Another proposed project is the creation of the SEA Development Corporation to boost economic development and management skills in the region.

Pact Signed on Tackling Regional Health Problems

BK2906080194 Bangkok BANGKOK POST in English 29 Jun 94 p 3

[Text] The health ministers of Cambodia Laos, Vietnam, and Thailand yesterday signed a joint statement to better tackle regional health problems.

The statement, issued on the last day of a two-day ministerial meeting in Phatthaya on Regional Cooperation in Health Development, ignores political boundaries.

It would be enforced after official acknowledgment from the four countries' cabinets.

The statement was signed by Public Health Minister Athit Urairat, Cambodian Health Minister Chhea Thang, Lao Vice-Health Minister Bounkhouang Phichit and Vietnamese Health Minister Nguyen Trong Nhan.

The ministers said they were committed to eradicating and resolving priority health problems of common concern.

Each country was determined to fight against subregional priority health problems through balanced, comprehensive and multidisciplinary approaches, they said.

They promised to undertake collective action to tackle problems including HIV/AIDS, malaria, iodine deficiency disorders, substance abuse, poliomyelitis and other epidemic diseases.

Planning and management coordinating bodies would be formed at local and national levels.

New departments would aim to introduce action programs and would adopt policies, programs and strategies to achieve a more coordinated control of health problems.

Ministers also called on the international community to offer concrete technical and financial assistance to new collaborative programmes.

The meeting focused on five major common communicable diseases in neighbouring countries—HIV/AIDS, malaria, polio, substance abuse and iodine deficiency.

Dr. Athit, in his closing remarks, said it was time to change the "days of discussion" into action.

"We found that we are ready to invest for our future—the children and women," he said.

"And we also wanted to be better prepared for any emerging health threat. AIDS and substance abuse is a case to test our readiness."

Japan

Background Reports Leading to Murayama Election

Lower House To Convene 29 Jun

OW2906092794 Tokyo KYODO in English 0922 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—The House of Representatives will convene a plenary session at 8 p.m. Wednesday [1100 GMT 29 June] to elect a new prime minister succeeding prime minister Tsutomu Hata.

Lower House Steering Committee reached the decision at a meeting of its directors, committee officials said.

The current Diet session ends Wednesday.

Hata and his minority cabinet resigned last Saturday in the face of a no-confidence vote.

Kaifu, Murayama 'Showdown'

OW2906105694 Tokyo KYODO in English 1050 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—The Diet session Wednesday [29 June] evening to elect the successor to Prime Minister Tsutomu Hata could be the stage for a showdown between the supporters of Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] Chairman Tomiichi Murayama and those rallying behind reformist former Prime Minister Toshiki Kaifu.

The negotiations between Hata's coalition and its former partner SDP broke down, rendering unpredictable the outcome of last-ditch political maneuverings to select Hata's successor.

Meanwhile, signals emerged of splits within both the SDP and the Liberal Democratic Party (LDP), the largest Diet bloc.

Kaifu told a press conference that he will not toe his party's line and will refuse to support murayama as the head of a new government.

"The party decision (to support Murayama) is something I cannot follow," he said, criticizing Murayama's lukewarm stance on political reform, of which Kaifu has been a leading proponent.

Kaifu, who was prime minister from 1989 to 1991, later quit the LDP.

Kaifu was backed by the ruling coalition and some members of the LDP, including former Foreign Minister Michio Watanabe and former Prime Minister Yasuhiro Nakasone.

Within the SDP, pro-coalition liberals called "democrats," also made clear that they would not support Murayama despite the party's formal decision to vote for the party chief.

Some LDP Members Support Kaifu

OW2906095394 Tokyo KYODO in English 0941 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—A group of the main opposition Liberal Democratic Party (LDP) said Wednesday [29 June] that it will push former Prime Minister Toshiki Kaifu as its candidate for new prime minister to succeed Prime Minister Tsutomu Hata.

Yuji Tsushima, an LDP House of Representatives member, announced the plan.

Kaifu was prime minister from 1989 to 1990.

LDP To Support SDPJ's Murayama

OW2906100094 Tokyo KYODO in English 0956 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—The main opposition Liberal Democratic Party (LDP) decided Wednesday [29 June] to support Tomiichi Murayama, chairman of the Social Democratic Party (SDP) [of Japan, SDPJ], at a prime ministerial election at the Diet later in the day.

The LDP decided to support the leader of the second largest opposition party at a meeting of its members of the House of Representatives and the House of Councillors.

Coalition To Vote for Kaifu

OW2906101794 Tokyo KYODO in English 1013 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—The ruling coalition decided to vote for former Prime Minister Toshiki Kaifu as prime minister at Wedneday's [29 June] election at the Diet, coalition officials said.

Reports on Election of New Prime Minister

Murayama, Kaifu, No Majority

OW2906122894 Tokyo KYODO in English 1221 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Both Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] Chairman Tomiichi Murayama and former Prime Minister Toshiki Kaifu failed to get a majority in the first round of voting in a House of Representatives plenary session Wednesday [29 June] to elect the successor to Prime Minister Tsutomu Hata, setting up a second round showdown between them.

In the first round of voting, Murayama garnered 241 votes out of a total of 504 votes, while Kaifu collected 220 votes. Tetsuzo Fuwa, head of the Japanese Communist Party, won 15 votes.

Murayama was supported by his party, the Liberal Democratic Party (LDP) and new party Sakigake.

Kaifu, who quit the LDP earlier in the day, was backed by the ruling coalition and some LDP members.

The House of Councillors picked Murayama as premier at a voting, but a lower house decision would prevail over that of the upper house if their selections differ.

Of the 244 upper house votes, Murayama took 148 ballots, topping a majority of 132, Kaifu 63, and Fuwa 10.

Socialist Murayama Elected

OW2906130394 Tokyo KYODO in English 1259 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Tomiichi Murayama, chairman of the Social Democratic Party, was elected prime minister at the House of Representatives on Wednesday [29 June] with the backing of the party, the Liberal Democratic Party and New Party Sakigake [Harbinger].

Murayama as Premier

OW2906130894 Tokyo KYODO in English 1302 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Social Democratic Party (SDP) Chairman Tomiichi Murayama was elected prime minister at the House of Representatives on Wednesday [29 June] with the backing of the party's former archrival Liberal Democratic Party (LDP).

The left-wing socialist leader beat reformist former Prime Minister Toshiki Kaifu, who was in office from 1989 to 1991.

Kaifu left the LDP earlier in the day protesting against the party's decision to vote for Murayama.

The 70-year-old Murayama, who became Japan's 52nd premier, was also supported by new party Sakigake (Harbinger).

The coalition of caretaker Prime Minister Tsutomu Hata rallied behind Kaifu. Hata and his cabinet resigned last Saturday in the face of a no-confidence vote tabled by the LDP.

Right-wing members of the SDP voted for Kaifu in defiance of the party's decision.

The voting at the Diet came after policy talks between the SDP and the coalition to form a new coalition government collapsed.

Murayama became the first socialist prime minister in 47 years and only the second premier from the party, following Tetsu Katayama, who served as premier between April 1947 and February 1948.

New Prime Minister Profiled

OW2906132294 Tokyo KYODO in English 1311 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—New Prime Minister Tomiichi Murayama, a left-wing leader of the Social Democratic Party (SDP), came to head the government with no previous experience in a ministerial post.

As SDP chairman, the 70-year-old Murayama dealt with the difficult task of managing the second largest party under the risk of a schism between the left-wing and right-wing elements.

Beginning now, he will face the more difficult challenge of steering a new coalition government, comprised of his labor union- backed party and the pro-business Liberal Democratic Party (LDP), the largest party.

He is often dubbed "A Grandpa," based on his lean figure and long gray eyebrows. Though some say he appears to be a good-natured man, other political sources say he is a tactical politician.

Murayama won the post of SDP chairman last September, backed widely by SDP Diet members and labor union members.

His predecessor, Sadao Yamahana, resigned after the party bid farewell last August to decades of an opposition position and joined the coalition government under Prime Minister Morihiro Hosokawa.

In its eight months in the ruling camp, Murayama's party was forced to make concessions over key policies.

For example, last December the SDP gave up its longtime stand and allowed the then Hosokawa government to liberalize Japan's rice imports. The SDP also withdrew its initial opposition to a political reform plan initiated by the Hosokawa government.

Murayama had been a key opponent in a reform plan, made into law in January, that focuses on a change in the electoral system in the House of Representatives.

The SDP also abandoned its objection to participation by Japan's Self-Defense Forces in U.N. peacekeeping operations.

When Murayama announced the party was separating from the coalition in late April—a move that deprived the government of Prime Minister Tsutomu Hata of a majority in the Diet, a number of SDP supporters applauded the decision.

Before taking the post as SDP chief, he served as party negotiator and SDP Diet Administration Committee chairman since 1991.

He was elected as a House of Representatives lawmaker from Oita Prefecture seven times since 1972.

Murayama was born in the prefecture as a son of a fisherman. He graduated from Meiji University and was a member of the Oita Municipal Assembly and the Oita Prefectural Assembly before becoming a lower house member.

Murayama 'Willing To Cooperate' at G-7 Summit

OW2906164294 Tokyo KYODO in English 1635 GMT 29 Jun 94

[Text] Tokyo, June 30 KYODO—Prime minister-elect Tomiichi Murayama said Wednesday [29 June] he is willing to cooperate with Japan's allies at next week's summit of the Group of Seven (G-7) major industrial nations in Naples.

"There are many things requested (of Japan), such as tax reduction and deregulation," said Murayama, answering questions from reporters shortly after he was elected premier in the Diet with support from the Liberal Democratic Party (LDP).

"I want to research such items sufficiently to cooperate internationally," said Murayama, chairman of the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ].

Murayama's predecessor, Tsutomu Hata, resigned last Saturday, saying he decided to give up the premiership because he wished to avoid dissolving the House of Representatives and creating a political vacuum before the Naples summit meeting.

Facing criticism that his labor union-backed party and the pro- business LDP are forming a reckless alliance, Murayama said the SDP can cooperate with the "doves" in the LDP.

The two parties had been consistently antagonistic in the past as the ruling and the opposition camps, with the LDP having held power for 38 years until last August.

Murayama declined to comment on how he would form his cabinet, saying he has not learned who are the "doves" in the LDP.

He suggested the next general election of the lower house would be held under a new electoral system combining single-seat constituencies and proportional representation, which became law in January.

There was speculation that the SDP-LDP government may try to hold a general election under the old multiseat constituency electoral system.

Murayama said he would "cautiously" consider the timing of a planned consumption tax hike, and said the decision may take time.

A raise in the 3 percent consumption tax may spoil the pump-priming effects of a previous one-time reduction in income tax, he said.

Reaction to Election of Prime Minister Reported

Causes Concern Among Diplomats

OW2906163294 Tokyo KYODO in English 1620 GMT 29 Jun 94

["News Focus" by Miu Oikawa Dieter: "Diplomats Concerned Over Election of Murayama as Premier"]

[Text] Tokyo, June 30 KYODO—The election on Wednesday [29 June] night of socialist Tomiichi Murayama as Japan's new prime minister sparked surprise and anxiety in Japanese diplomatic circles over his lack of experience on the international stage and his party's policies on major issues.

The frequent changes of government in Japan—four prime ministers within the last year—is also causing raised eyebrows.

"What? Mr. Murayama? I'm really surprised," said a high-ranking Foreign Ministry official soon after the leader of the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] was chosen prime minister.

"What kind of a person is he?," the official asked of Murayama, who has never been a cabinet minister and whose only major political post besides the SDP chairmanship has been the head of the party's Diet administration committee.

Another ministry official expressed concern, saying Murayama "is hardly known on the international political scene and does not have any experience in diplomacy."

The ministry officials' concern is acute since Murayama and his new government face pressing international problems including how to tackle with North Korea's nuclear dispute and the trade negotiations with the United States.

Most urgent of all on the diplomatic agenda are the planned meeting with U.S. President Bill Clinton next week and the summit talks among the leaders of the Group of Seven (G-7) economic powers in Naples from July 8 to 10.

"The European countries are used to cohabitation so I don't think they will be surprised with a socialist prime minister," said a ministry official about the upcoming G-7 summit. "But the U.S. will probably be at a loss as to what to do regarding the bilateral trade talks."

When Murayama makes his international debut, his initial task will be to assure Clinton and other G-7 leaders that Japan's diplomacy will be consistent.

But the traditional stances held by the SDP—which joined the coalition launched last summer but left in April—on such issues as tax reform, north korea and security, worry the diplomatic authorities.

"Now an agreement on the framework talks (with the U.S.) has become unlikely at the Japan-U.S. summit," said a senior ministry official on condition of anonymity.

"The U.S. won't be able to say anything to a newly launched government on complicated negotiations that have been under way for a year," he said. "At the summit, the Japanese and U.S. leaders will probably discuss political affairs more than economic problems."

The U.S. has been calling on Japan to take specific and substantial macroeconomic measures including deregulation and tax reform.

Japan was to explain at the summit talks with Clinton and at the G-7 summit the recently released package of deregulation measures and vow to continue tax reduction and increase public investment.

But since the SDP strongly opposes a hike in the 3 percent consumption tax, which is necessary to finance multiple year income tax cuts, the Japanese Government will be unable to offer the U.S. or other G-7 nations any specific steps.

The SDP's friendly ties with North Korea are also cause for concern for diplomatic officials.

Although North Korea's nuclear dispute has shown moves toward a diplomatic solution, joint action by Japan, South Korea and the U.S. may become necessary if the scheduled Washington-Pyongyang negotiations fail.

But the SDP has been opposing sanctions without a United Nations resolution and calls for consultations with China in addition Washington and Seoul.

The SDP has also long been viewing the Self-Defense Forces (SDF) as unconstitutional. It opposes the SDF Law allowing it to provide logistical support to U.S. warships in the event of any contingency, arguing that such logistical support would contravene the constitution.

The SDP is also cautious about pushing for Japan to become a permanent member of the U.N. Security Council.

The SDP has been opposed to opening Japan's rice market.

While some ministry officials expressed relief that the Liberal Democratic Party (LDP) will rejoin the government after losing power last summer, others worry about the SDP-LDP alliance.

"The SDP and LDP positions on diplomatic issues and security matters are so different. I wonder if their alliance is going to be alright," said a ministry official.

The diplomatic itinerary following the Japan-U.S. summit and the G-7 summit includes the first meeting of the Association of Southeast Asian Nations (ASEAN) regional forum and the ASEAN expanded foreign ministerial meeting in late July in Bangkok.

The U.N. General Assembly comes in September, while the Asia- Pacific Economic Cooperation (APEC) ministerial meeting and an informal summit meeting of APEC leaders will be held early November in Indonesia.

Relations With U.S. 'Uncertain'

OW2906144094 Tokyo KYODO in English 1416 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Staunch socialist leader Tomiichi Murayama was elected Japan's new prime minister by the Diet on Wednesday [29 June], supported by a once-unimaginable alliance between the Social Democratic Party (SDP) and its long-standing foe, the Liberal Democratic Party (LDP).

Murayama defeated reformist former Prime Minister Toshiki Kaifu, by 261 votes to 214, in the second round of balloting following an indecisive first round at the House of Representatives plenary session.

The tiny LDP splinter party New Party Sakigake [Harbinger], headed by former chief Cabinet Secretary Masayoshi Takemura, also voted for Murayama.

The 70-year-old SDP chairman replaced Tsutomu Hata, who resigned Saturday with his ministers after only two months in office in the face of a no-confidence vote he was certain to lose.

Murayama, who started his political career as a labor activist for fishermen, became the first socialist head of a Japanese Government in 47 years.

In the balloting, Murayama was challenged by coalition-supported Kaifu, who suddenly emerged as a leading candidate for the premiership after he walked out of the LDP earlier in the day, refusing to toe the official party line of supporting Murayama.

Kaifu quit the LDP following the breakdown of last-ditch reconciliation talks between the SDP and Hata's minority coalition due to the hiatus over the consumption tax issue.

The coalition moved swiftly to throw its weight behind Kaifu, who was also backed by some LDP kingpins including former Foreign Minister Michio Watanabe and former Prime Minister Yasuhiro Nakasone.

Murayama's victory, clinched in a runoff election against former Japanese Prime Minister Toshiki Kaifu, is likely to inject new uncertainties into relations between Japan and the United States, already rocked by trade disputes and an upheaval in currency markets.

In a speech Tuesday, U.S. Treasury Secretary Lloyd Bentsen blasted Japan for keeping its markets closed to foreign products and not doing enough to stimulate the Japanese economy.

"In terms of market openness, Japan is not there. And they know it," Bentsen said.

Bentsen also blamed Japan for the huge trade deficit the U.S. runs with Japan and the rest of the world, saying "no way can we lower our trade deficit, unless we solve our problem with Japan."

Bentsen's sharp remarks, compounded with uncertainties surrounding the new Japanese Government, pushed the Japanese yen to a record high in currency markets.

Officials from Japan and the U.S. have been meeting this week in Washington in a bid to resolve differences in a series of trade disputes on how to boost U.S. exports to Japan, but U.S. officials say they see little prospect of an immediate breakthrough.

A major harbinger of future U.S.-Japan ties could come early next month when Murayama meets with President Bill Clinton in Naples, Italy.

Murayama is expected to represent Japan at the Naples summit of the Group of Seven (G-7) major industrial countries, scheduled for July 8-10.

Framework Talks 'Likely' Postponed

OW2906154594 Tokyo KYODO in English 1541 GMT 29 Jun 94

[Text] Tokyo, June 30 KYODO—The accord between Japan and the United States on bilateral framework trade negotiations is likely to be postponed due to the election of Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] Chairman Tomiichi Murayama as prime minister, government sources said Wednesday [29 June].

An official at the Foreign Ministry said that it would be impossible for Murayama, who has no cabinet experience, to immediately see to foreign affairs.

He noted that the possibility of the two countries reaching a trade agreement was "delicate" even during the administration of former Prime Minister Tsutomu Hata.

Skeptical voices are already being raised regarding the political capability of a Murayama administration based on an alliance between the SDP and the Liberal Democratic Party—traditionally political foes.

Critics say their differences in foreign affairs and in their policy on the Japan-U.S. Security Treaty are too great and that the administration is likely to be as short-lived as the one that preceded it.

Challenged by Tax Reform

OW2906154994 Tokyo KYODO in English 1534 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—The new administration of Prime Minister Tomiichi Murayama, backed by the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ], the Liberal Democratic Party (LDP) and New Party Sakigake, is expected to have difficulty with tax reform policies amid the big rifts in policies between the three parties, political sources said Wednesday [29 June].

The stickiest issue that faces the administration is a raise in the consumption tax, which the SDP had opposed when it was a member of the previous coalition government.

The Finance Ministry is certain to oppose any announcement of continued income tax reductions before the consumption tax rate hike is decided.

The sources said discussions on the consumption tax could be time-consuming and eventually lead to a breakup of tax reform talks.

In the immediate term, there is a possibility Japan will be unable to declare a policy of continued income tax reductions for the next year when it attends the summit of the Group of Seven (G-7) industrialized countries next week in Naples.

Since Japan has made an international pledge to continue with a reduced income tax, it will be particularly embarrassing for Murayama not to have the tax reform completed when he attends the summit and meets U.S. President Bill Clinton.

The bonding of the SDP and the LDP, which have been at opposite ends of the scale since 1955, has already thrown bureaucrats in the Finance Ministry and the other economic ministries into confusion.

Because the two rival parties joined forces for political reasons, they have not had enough time to narrow their differences on economic policies.

The sources predict disagreements will erupt in virtually all economic areas, including the budget for fiscal 1995, pump-priming measures and the Japan-U.S. framework trade talks.

One certainty, however, is the responsible attitude the SDP is expected to assume in its new key role, after so many years of taking the opposition stance.

Its every step will be watched since the unpredictable future of the economy lies in their hands, they said.

Kaifu Pledges Reform Efforts

OW2906152094 Tokyo KYODO in English 1513 GMT 29 Jun 94

[Text] Tokyo, June 30 KYODO—Former Prime Minister Toshiki Kaifu pledged Wednesday [29 June] that he will continue to pursue his political reform drive as an independent politician following his loss in the premiership election in the Diet.

Kaifu said he will continue making efforts to realize "real political reform," and help resolve problems which Japan faces at home and abroad.

Earlier in the day, Kaifu quit the Liberal Democratic Party (LDP) after announcing he would not obey a party directive to its members to vote for Social Democratic Party (SDP) Chairman Tomiichi Murayama.

Kaifu, 63, was beaten by Murayama in the election in spite of support from the coalition of outgoing Prime Minister Tsutomu Hata and some LDP and SDP members.

The House of Representatives lawmaker criticized LDP President Yohei Kono for his failure to run for the premiership, saying Kono should have run for premier since he is the head of Japan's largest political party.

The LDP and SDP jointly voted for Murayama and succeeded in winning him the premier's position despite their decades of antagonism.

Kaifu, who was prime minister from 1989 to 1991, said he defied the party because he could not betray his political beliefs by voting for Murayama.

Kaifu, who is known as a political reform advocate, has rebuked Murayama, saying the socialists' chief has been an antireformist.

Criticized by Hosokawa

OW2906144794 Tokyo KYODO in English 1431 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Former Prime Minister Morihiro Hosokawa on Wednesday [29 June] criticized the tie-up between the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP) [SDPJ] to elect SDP Chairman Tomiichi Murayama as new prime minister.

Hosokawa, head of the Japan New Party, a component in the minority coalition government of former Prime Minister Tsutomu Hata, said the tie-up between the two parties was "nothing less than collusion."

"This collusion is the last struggle of two parties trying to stick to their logrolling politics that dominated Japan since 1955," Hosokawa told reporters.

The former premier, whose coalition toppled the LDP from power last year, also said that Japanese people will not respect a new government created by a coalition led by the conservative LDP and the left-leaning SDP.

Kono Pledges Cooperation

OW2906143594 Tokyo KYODO in English 1419 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—New Prime Minister Tomiichi Murayama, chairman of the Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan], and Liberal Democratic Party (LDP) President Yohei Kono shook hands and pledged cooperation Wednesday [29 June] in the launching of a new coalition government.

Murayama and Kono met at LDP's room at the Diet shortly after their parties succeeded in sending Murayama to the premier's post.

Murayama, thanking LDP lawmakers who voted for him in the Diet election, said that with sincerity, the two parties can understand each other and pledged to do his best.

Murayama said he was moved by "earnest appeals" from LDP lawmakers who urged him to run for the premiership in order to reform politics.

Kono vowed his party will support Murayama's new government as a "constant sincere partner."

Later, Murayama returned to his party's room at the Diet and said his duty is to help change politics to represent the public, and he pledged to SDP members to form a cabinet that can meet the public's expectations.

Kono Criticizes Kaifu

OW2906162194 Tokyo KYODO in English 1615 GMT 29 Jun 94

[Text] Tokyo, June 30 KYODO—Liberal Democratic Party (LDP) President Yohei Kono said Wednesday [29 June] that his party will throw its full weight behind Social Democratic Party [Social Democratic Party of Japan—SDPJ] Chairman Tomiichi Murayama, who was elected Japan's new prime minister earlier in the day.

"We confirmed with each other we would observe a democratic process. The LDP will give Murayama full support and try to help Japan's politics progress," Kono told reporters.

Kono, head of the largest political party, also said there is no big difference between the pro-business LDP and the left-leaning SDP on basic policies and rebuffed criticism that the coalition between the two leading parties is a collusion.

Kono stressed the necessity to immediately form a new cabinet, saying "thinking about the political vacuum, we cannot lose time."

Kono also criticized former Prime Minister Toshiki Kaifu, who left the LDP and ran for the premiership backed by former coalition parties, saying "I cannot understand his actions. It is quite regrettable."

Business Leaders Disappointed

OW2906142094 Tokyo KYODO in English 1413 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—The business community Wednesday [29 June] expressed surprise and disillusionment at the choice of Social Democratic Party

(SDP) [SDPJ—Social Democratic Party of Japan] Chairman Tomiichi Murayama as Japan's new prime minister.

Business leaders perceived the victory of Murayama over former Prime Minister Toshiki Kaifu in a Diet election to fill the post of departing Prime Minister Tsutomu Hata as a major setback to the ongoing political and economic reforms.

Shoichiro Toyoda, chairman of the powerful Federation of Economic Organizations (Keidanren), welcomed the election of Murayama as new prime minister, saying it avoided the creation of a political vacuum.

"This is the '55 system in disguise and equivalent to a return to an old age," a business official said, referring to the nearly four decades of reign by the Liberal Democratic Party (LDP), which backed Murayama in the elections.

Business officials voiced cocerns that the unlikely alliance between the LDP and the SDP will not last long given the wide differences in their policies, eventually throwing politics into yet another turmoil.

The primary concern in business is the yen, and continued political instability is expected to exert further upward pressure on the currency, splashing cold water on a fragile economic recovery.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, admitted he is uneasy about whether Murayama can solve tax reforms and other difficult issues facing the country.

He said Murayama's ability as a leader is still unknown but he hopes for strong leadership to guide Japan through rough waters.

Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), echoed Inaba's remarks, calling for Murayama's leadership to tackle a heap of issues ranging from the economy to political and tax reforms.

Tatsuro Toyoda, head of the Japan Automobile Manufacturers Association, said he hopes Murayama will take the leadership in conducting vigorous market intervention to stem the yen's surge and boost domestic demand. Institute affiliated with Sanwa Bank. said the yen is likely to come under strong upward pressure from speculators ahead of the Naples summit.

Market players believe that it will be impossible for the socialist-led administration to promote cooperative ties between Japan and the United States and introduce effective measures to cut Japan's global trade surplus at the summit, he said.

Dealers: 'Adversely Affect Talks'

OW2906140094 Tokyo KYODO in English 1352 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—The Japanese yen soared against the U.S. dollar in New York and London on Wednesday [29 June] following the election of Tomiichi Murayama as Japan's second socialist prime minister.

Foreign exchange dealers at major commercial banks said Murayama's election with the backing of the conservative Liberal Democratic Party ruled out the possibility of improvement in Japan-U.S. trade relations, sending the yen rising against the dollar.

The yen broke through the 99.00 level to hit 98.85 yen to the dollar briefly in New York. In London, the yen was also quoted at a global postwar high of 98.85 to the dollar at one stage.

The dealers predicted that the new Murayama administration will be fragile and the yen will remain under upward pressure.

Murayama will be unable to demonstrate leadership at the summit of the Group of Seven (G-7) industrial nations in Naples, Italy, next week, they said.

The dealers predicted the fragile political situation in Japan will adversely affect ongoing negotiations between Japan and the United States to work out a new framework for bilateral trade.

They said it would be difficult for the new administration to take positive steps to expand domestic demand and correct Japan's global trade surplus.

Kakizawa: Naples Summit To Discuss Exchange Rates

OW2806030994 Tokyo KYODO in English 0303 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—The Group of Seven (G-7) industrialized nations will discuss the U.S. dollar's decline on foreign exchange markets at the g-7 summit in Naples, Italy, next month, Foreign Minister Koji Kakizawa said Tuesday [28 June].

Kakizawa told a press conference that since the main themes of the G-7 summit from July 8 to 10 are economic growth and employment, the problem of exchange rates will naturally be discussed as well.

He said the Tuesday morning cabinet meeting took the view that coordination on exchange rates among the G-7 nations is needed.

Kakizawa called for early establishment of a new government so that Japan can attend the G-7 summit under a steady system.

Government sources said Monday the G-7 nations are likely to hold a meeting of finance ministers' deputies before the summit to coordinate their views on the currency markets.

An economic declaration to be issued at the summit is now expected to call for coordinated intervention by the G-7 nations to stabilize the volatile foreign exchange markets, the sources said.

They also said Japan is likely to face intense pressure at the summit to ease its monetary policy and expand its fiscal measures to promote an economic recovery.

Central Bank To 'Vigorously Defend' Dollar

OW2906025394 Tokyo KYODO in English 0242 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—The Bank of Japan (BOJ) will vigorously defend the U.S. dollar from collapsing against the yen by keeping in close contact with other major industrialized nations, central bank sources said Wednesday [29 June].

The sources, however, acknowledged that selling pressure on the dollar is much stronger than expected although some buying based on real demand is appearing.

The dollar fell to a postwar global low of 99.10 yen at one point Wednesday morning in Tokyo.

BOJ To Confront Speculation Against Dollar

OW2706043394 Tokyo KYODO in English 0426 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—The Bank of Japan (BOJ) will vigorously confront speculative moves in the foreign exchange market that sent the dollar plunging to a new global postwar low against the yen Monday [27 June] morning, central bank sources said.

The sources indicated the BOJ will continue to intervene to tackle an excessive rise of the yen.

Shortly before noon, the dollar plummeted to 99.50 yen in Tokyo despite apparent inverventions by the BOJ, with massive "stop-loss" orders as the currency slipped below the 100.00 yen support line.

But the sources denied that last weekend's concerted intervention by major central banks was a failure, saying the bears might have overshot in the selling of the dollar.

Speculators could be seeking an even lower dollar but there are some purchasing movements based on real demand from people such as importers, the sources said.

Fujii Expects Action With G-7 Nations Over Dollar

OW2906035794 Tokyo KYODO in English 0347 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Finance Minister Hirohisa Fujii indicated Wednesday [29 June] that Japan and other Group of Seven (G-7) nations are discussing credit and various other measures beside joint market intervention to prop up the dollar.

Japan will take "various" measures with its G-7 partners, Fujii told reporters after the dollar hit a global low of 99.10 yen in Tokyo Wednesday morning.

He reiterated his concern over the yen's rise, describing the currency movements as "speculative."

With last Friday's joint market intervention virtually failing to lift the dollar, attention is now fixed on whether the G-7 nations will also take joint action on credit policy as they did in May.

Dealers said the dollar's plunge against the yen Wednesday came despite the Bank of Japan's active market intervention and comments overnight by U.S. Treasury Secretary Lloyd Bentsen expressing concern about a weaker dollar.

Tokyo 'Can Still Play' 'Sufficient Role' at G-7

OW2706110694 Tokyo KYODO in English 1053 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—Japan will be unable to make important policy changes because of the current political situation but can still play a sufficient role at the July summit meeting of the Group of Seven (G-7) industrialized nations in Naples, Italy, a top Foreign Ministry official said Monday [27 June].

Vice Foreign Minister Kunihiko Saito said at a news conference he hopes a new cabinet will be formed as soon as possible because Japan is in a position to play an appropriate role at G-7 summit talks in Naples from July 8 to 10.

He said, however, that even if Prime Minister Tsutomu Hata attends the summit in case a new cabinet is not formed by then, the caretaker premier can fulfill Japan's role "within the bounds of his limits," he said.

"Considering past examples, (the cabinet) will not be able to hammer out new policies that would be a major shift in its previous policies," Saito said. "But it is unclear at the moment whether (Japan) will be required to do so."

Hata's cabinet resigned en masse Saturday, but Hata and his ministers will remain in their posts until his successor and a new cabinet are named.

Saito also said it is wrong to assume that Japan and the United States will be unable to have a meaningful summit meeting in July if a new cabinet is not yet formed by then.

Hata and President Bill Clinton were scheduled to meet July 8 in Naples ahead of G-7 summit talks.

There are many problems the two leaders could discuss even without making any great policy changes, he said.

Fujii: Caretaker Government Can Deal With Yen

OW2806043094 Tokyo KYODO in English 0416 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Finance Minister Hirohisa Fujii ruled out Tuesday [28 June] any limits on the current caretaker cabinet over taking new policy measures in line with other Group of Seven (G-7) industrialized nations to stem the yen's rise.

Even the caretaker government holds "the way to respond to rapid currency movements that may hurt people's living," Fujii said at a news conference after a morning cabinet meeting. The cabinet of Prime Minister Tsutomu Hata resigned Saturday.

Fujii was referring to the validity of the caretaker government in reaching new macroeconomic and other agreements with G-7 nations to prop up the languishing dollar before and at their July summit in Naples, Italy.

With joint market intervention last Friday failing to prop up the dollar, attention is now fixed on whether G-7 nations will cooperate on credit policies as they did in may.

Otherwise, Fujii said the caretaker cabinet cannot decide on new policy measures, suggesting the government has given up drafting tax reform bills and other issues promised in the March market-opening package for detailing by the Naples summit. "I just hope a new government is formed as early as possible," he said.

On currency rates, he reiterated that Japan will take "tenacious actions through close contact with other G-7 nations." The dollar's plunge has become a "common concern" among G-7 nations, Fujii said.

As for Japan, cabinet ministers agreed at the morning meeting to take steps, led by swift implementation of February's 15.25 trillion yen stimulus package and the fiscal 1994 budget, to prevent the impact of the yen's rise on the recovering economy.

Tokyo Unveils Country-by-Country ODA Policy

OW2806022094 Tokyo KYODO in English 0204 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Japan on Tuesday [28 June] unveiled a country-by-country policy on extension of Official Development Assistance (ODA), with the focus on nations tackling population and aids problems and those changing to a market-oriented economy.

It is the first time for the annual ODA report to disclose policies referring to specific countries. The report covers 10 major recipients of ODA from Japan. Assistance for improving women's rights and primary education has been enhanced, the report said.

Aid to countries like Cambodia, Mongolia and Southern African nations that are working to attain peace and economic stability has also been boosted. As for China, the report said aid to the country is important considering its historically close relationship with Japan.

But it also noted that the Japanese Government has expressed regret at China's recent nuclear arms test, as well as concern about potential development of nuclear weapons by India and Pakistan. The government bans ODA that could be used for development of weapons of mass destruction.

Tokyo To Give $13 Million To Restore Sarejevo

OW2906074894 Tokyo KYODO in English 0644 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Japan will inform a New York conference on the restoration and recovery of Sarajevo that it will commit some 13 million dollars in humanitarian aid to the war-torn city, the Foreign Ministry said Wednesday [29 June].

It will distribute the aid via the UN High Commissioner for Refugees and other UN bodies.

Japan is also expected to announce further aid for the city at the July 8-10 summit of the Group of Seven major industrialized nations in Naples where aid for the restoration of Sarajevo will be a central topic.

Japan has so far given 100 million dollars in humanitarian aid to Bosnia-Herzegovina, including Sarejevo, since fighting in the region, part of the former Yugoslavia, began.

The United States is scheduled to pledge 15 million dollars in aid at the New York conference Wednesday.

'Serious Decline' Seen in DPRK, PRC Trade

OW2706134094 Tokyo KYODO in English 1310 GMT 27 Jun 94

[Text] Hong Kong, June 27 KYODO—North Korea's border trade with its main ally China suffered a serious decline in the first five months of this year due to the controversy over its nuclear program and subsequent economic pressure, according to a report in the SING TAO DAILY on Monday [17 June].

Exports from North Korea to China suffered a 72.4 percent fall during the period, the most serious so far, almost equal to three- quarters of the trade volume between China and North Korea, according to experts.

China has expressed concern that international economic pressure will lead to unrest in border areas and is investigating ways to defuse the situation, the Chinese-language daily said.

The paper said that although China disagreed with North Korea's handling of the nuclear issue, Beijing has hesitated to take harsh measures because of potential border unrest.

The daily said that barter trade between North Korea and China was an estimated 80 million dollars between January and mid-May this year, a drop of 46.1 percent from the same period last year, and only 15.5 percent of the annual target.

Tokyo To Send Envoy To Tripartite Talks on DPRK

OW2806134194 Tokyo KYODO in English 1326 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Japan will dispatch a senior Foreign Ministry official to Washington this week to consult with U.S. and South Korean officials ahead of upcoming U.S.-North Korea talks in Geneva, government sources said Tuesday [28 June].

The sources said Japan would be represented at the tripartite talks by Yutaka Kawashima, director general of the ministry's asian affairs bureau.

Kawashima will be meeting U.S. Assistant Secretary of State Robert Gallucci, who will be Washington's chief negotiator at next month's talks in Geneva, and Kim Sam-hun, South Korea's ambassador for nuclear affairs.

The Japanese envoy's departure date was not clarified, though Kim is reportedly heading for Washington on Wednesday.

The White House announced Monday that the United States and North Korea will hold a third round of high-level talks from July 8 in Geneva.

The tripartite talks are aimed at giving a hearing to Japanese and South Korean views on the U.S. negotiating stance, in which Washington is reportedly dangling an offer to exchange diplomatic liaison offices if Pyongyang agrees to open its secretive nuclear program.

The talks will also consider the agreement reached Tuesday between North and South Korean negotiators to hold a historic three-day summit from July 25 in Pyongyang.

ASEAN Official To Visit Japan To Discuss EAEC

OW2906095694 Tokyo KYODO in English 0848 GMT 29 Jun 94

[Text] Jakarta, June 29 KYODO—ASEAN Secretary General Ajit Singh will visit Japan from next Monday [4 July] to discuss the proposed East Asian Economic Caucus (EAEC), an ASEAN source told KYODO NEWS SERVICE on Wednesday.

The source, who is located at the ASEAN secretariat in Jakarta and requested anonymity, declined to provide any further details on the visit.

Singh, according to an informed source in Tokyo, is likely to put forward a united ASEAN proposal for Japan to join the EAEC, the proposed all-Asian forum which is opposed by the United States.

In November Singh made a trip to Japan to gauge support for the EAEC. A confidential report later obtained by KYODO described Tokyo's reaction at the time as "not at all encouraging."

Malaysian Prime Minister Mahathir Mohamed proposed the establishment of the EAEC in late 1990. Its members would include Japan, South Korea and the rapidly rising Southeast Asian countries but would exclude the U.S. and other non-Asian countries like Australia and Canada.

The U.S. officially informed Tokyo early this month it opposes the EAEC, saying the caucus will have a negative effect on the four- year-old Asia-Pacific Economic Cooperation (APEC) Forum.

The U.S. said it prefers the 17-nation APEC, of which it is a member, to be the focus of regional economic cooperation. It sees the purely Asian grouping as a would-be trading bloc which could split the Asia-Pacific region.

Malaysian Foreign Minister Abdullah bin Haji Ahmad Badawi reportedly said in Kuala Lumpur on Monday the potential member countries are expected to soon hold a preliminary meeting on the EAEC.

Japanese backing is seen as crucial to getting the caucus under way.

It is reportedly planning to clarify its position next month at a July 26-28 meeting of the ASEAN countries and their seven dialogue partners in Bangkok.

Meanwhile, a Japanese Foreign Ministry official in Tokyo told KYODO that any such grouping "should be compatible with APEC and should be conducive to economic cooperation around this area."

"We should avoid making any kind of confrontational grouping just like a trade bloc," he said.

ASEAN, the Association of Southeast Asian Nations, has agreed to make EAEC a caucus attached to APEC, insisting it would be consistent with the broader-based body.

Malaysia's ambassador to Japan H.M. Khatib, speaking last week in Tokyo, said it "seems clear to us that Japan's position on the EAEC is dependent on the U.S. position."

"As long as the United States remains opposed to the EAEC, Japan has excuses not to be part of this caucus," he said.

ASEAN comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. APEC includes the six ASEAN states along with Japan, the U.S., China, Taiwan, Hong Kong, South Korea, Australia, Canada, Mexico, New Zealand and Papua New Guinea.

Matsushita To Double Joint Ventures in PRC

OW2906112794 Tokyo KYODO in English 1039 GMT 29 Jun 94

[Text] Osaka, June 29 KYODO—Matsushita Electric Industrial Co., the world's leading consumer electronics maker, said Wednesday [29 June] it plans to double the number of its joint ventures in China to about 30 over the next few years.

The Osaka-based company said the plan is designed to keep step with China's expanding economy.

The company now operates 13 production ventures in China to make consumer products, including audiovisual equipment and electronic devices.

In addition, it will establish a sales venture pending Chinese government approval.

The company said new subsidiaries will turn out products such as videocassette recorders, color television sets and refrigerators.

The company decided to speed up expansion into the market because the Chinese Government is expected to impose regulations on foreign enterprises, with consumers' purchasing power being stronger than expected, officials said.

Tax Reform Bills Unlikely by G-7 Summit

OW2706144094 Tokyo KYODO in English 1428 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—Japan's caretaker government is on the verge of giving up a promised drafting of tax reform bills by the time of the July summit of the Group of Seven (G-7) major industrialized nations in Naples.

But the direction remains clear for vowing multiyear income tax cuts at the July 8-10 summit.

In fact, the problem for the caretaker cabinet of Prime Minister Tsutomu Hata is on deciding the issue of hiking the 3-percent consumption tax to offset the multiyear tax cuts.

Uncertainties also remain on whether the next cabinet will inherit Hata's policy of including tax cuts and a hike in the same package of tax reform bills.

Hata and his cabinet resigned Saturday [25 June] in the face of a no-confidence motion tabled by the largest opposition Liberal Democratic Party (LDP), and a failure to reach common ground with the Social Democratic Party (SDP) [SDPJ—of Japan] to return to the coalition.

Given the political turmoil, even the Finance Ministry toned down its call for the bills in time as promised in the March market- access package to detail tax reform, including multiyear 5.5 trillion yen income tax cuts, by the end of this month to enact into law by the year-end.

"I want to refrain from commenting when political discussions are under way with the tax reform as the key issue," Vice Finance Minister Jiro Saito said. "We just have to wait and see."

Echoing Saito's comments, a senior Finance Ministry official in charge of international affairs said that "it's completely out of my hand" to determine where a policy decided by a caretaker government will be valid.

Even if Hata is selected again, it appears almost impossible to decide on the issue of hiking the consumption tax in the few remaining days.

Panels of the government and the ruling coalitions parties issued separate reports last week, calling for multiyear tax cuts and an offsetting consumption tax hike without specific figures and dates for later political decision.

But the LDP and SDP want to launch multiyear tax cuts while leaving the tax hike for discussions later, and even the coalition parties are inclined to do so.

The Finance Ministry is expected to stage strong objection in forming bills without specific reference to the offsetting tax hike.

A ministry source said the financial authorities are hoping to dodge international criticism by showing Japan's stance for "quick conclusion" instead of pledging only the multiyear tax cuts.

On the political side, however, the only tax policy shared by both the ruling and opposition parties is to realize the multiyear tax cuts.

Business Leader Hayami on Consumption Tax

OW2706041394 Tokyo KYODO in English 0401 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—The head of Japan's major business organization told the Economic Planning Agency (EPA) on Monday [27 June] a 3 percentage point hike in the consumption tax is enough to cover the deficit from income tax reduction, EPA officials said.

Masaru Hayami, chairman of the Japan Association of Corporate Executives, said at a meeting with the EPA that a 6 percent consumption tax is possible if government cuts costs through administrative reform.

The long-term effects of a tax hike should be studied, taking into consideration social welfare problems, Hayami was quoted as saying.

Government Tax Commission chief Kan Kato, who advises the prime minister, recently indicated support for a 7 percent consumption tax.

The officials said Hayami also requested the EPA set numerical targets to balance price differences between Japan and its major trading partners.

The EPA, however, refused Hayami's proposal, saying fluctuation of exchange rates make it difficult to set specific targets, according to the officials.

MITI: Price Gaps With Other Nations Remain 'Wide'

OW2806114894 Tokyo KYODO in English 0819 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—Gaps in brand goods prices between Japan and other major countries remain wide, a government survey showed Tuesday [28 June].

The Ministry of International Trade and Industry (MITI) survey, conducted late last year, also found some made-in-Japan goods and services were priced lower in the United States and Europe than in Japan.

The survey on retail prices of 93 items of goods and services in six major cities in industrialized countries said brand goods and services imported from the U.S. and Europe were sold at higher prices in Japan than in the producing countries.

Some items, like lipsticks, other cosmetics and golf balls, were often doubly expensive here.

MITI officials said the yen's recent rise pushed down yen- denominated prices of these imports both at home and in the exporting countries, leaving price differentials little narrowed.

The survey, the ninth in a series of studies on price gaps between Japan and overseas, also showed Japanese brands generally cost less in Japan than abroad but some of them, such as tennis balls and golf clubs, carry higher price tags here.

The ministry attributed this partly to more simple distribution systems in other countries.

Auto Industry Leader Welcomes Deregulation

OW2806122794 Tokyo KYODO in English 1153 GMT 28 Jun 94

[Text] Tokyo, June 28 KYODO—An automobile industry leader Tuesday [28 June] welcomed the government's deregulatory package released earlier in the day as a response to requests for easier access to Japanese markets both at home and abroad.

Tatsuro Toyoda, head of the Japan Automobile Manufacturers Association, noted that the measure makes it easier for foreign auto producers to obtain product standards and certification.

"I hope the government will implement the deregulatory steps steadily," said Toyoda, who is also president of Japanese auto giant Toyota Motor Corp.

Meanwhile, Toshio Morikawa, chairman of the Federation of Bankers Associations of Japan, said further liberalization of commodities trading and financial services will promote free, fair competition in the financial industry.

The government steps are expected to make available more risk- hedging means through easier regulations on derivatives, and help ensure and improve sound management of financial institutions, Morikawa said.

Kansai Airport To Study Plan for Expansion

OW2406132894 Tokyo KYODO in English 1235 GMT 24 Jun 94

[Text] Osaka, June 24 KYODO—Kansai International Airport Co. said Friday [24 June] it will spend 900 million yen in fiscal 1994 to study a plan for further expansion of the airport that will open in September on a man-made island in Osaka Bay.

The research expenses for the plan, calling for the laying of three more runways, were included in the company's 142.5 billion yen business plans for the year that started April 1.

The plans included 104.1 billion yen for construction of a passenger terminal and other buildings and 33.5 billion yen for the management of various airport facilities after the opening.

Under present plans, the company is likely to start drilling tests in August in preparation for the expansion work, officials said.

The company has been asking the Finance Ministry for appropriations for drilling tests, but the ministry has so far rejected the request.

Measures To Curb Energy Demands Proposed

OW2306054594 Tokyo KYODO in English 0319 GMT 23 Jun 94

[Text] Tokyo, June 23 KYODO—A Japanese Government advisory panel on Thursday [23 June] proposed a set of measures to improve the long-term balance in the electric power supply-demand relationship.

In an interim report presented to International Trade and Industry Minister Eijiro Hata, the Electricity Utility Industry Council said the proposal is a response to "recent substantial changes" in the situation surrounding Japan's electric power industry.

The council recommended the government formulate programs to curb expected rapid growth in power demand by promoting energy savings and developing energy-efficient technologies.

On the supply side, it called for "the best combination" of power supply sources that take consideration for supply stability, economic efficiency and environmental impact.

If these measures are carried out successfully, Japan's power consumption will be curbed to 110.30 billion kilowatt-hours [kwh] in fiscal 2010 compared with 112.0 billion kwh forecast under current energy policy, the council said. In fiscal 1992, power use totaled 797.8 billion kwh.

The report said Japan's power supply-demand relationship is expected to be tightly stretched, with rapid growth in demand likely in the near future following an expected economic recovery.

Peak demand during summer months has also been rising in recent years, causing concern over power supply stability and pushing up supply costs, the report said.

Increasing supply costs are contributing to the expanding price gap between electricity charges at home and abroad, it also said.

The report pointed out that global energy demand is most likely to rise in the next century against a backdrop of increasing energy dependence on the Middle East.

A power demand gap between the summer peak period and the off season has been rising as of late, partly due to ongoing industrial restructuring, the council said.

As a way to cope with the inefficiency of such wild fluctuation in demand, the council proposed the widespread use of a recently developed air-conditioning system that can store electricity for peak-time use.

The council also proposed flexible electricity rate-setting formulas in which different rates are charged from one season to another to accurately reflect supply costs.

It also said energy savings should be promoted in residential houses and office buildings while electric appliances and office equipment should be improved for greater energy efficiency.

The council recommended changes in lifestyle, including the early introduction of the "summer time" daylight saving system and shorter working hours.

The council said Japan should step up measures to curb carbon dioxide emissions in line with an international action program to prevent the further spread of global warming.

As for supply-related measures, the report proposed the establishment as "base power sources" power generation from nuclear, hydroelectric and geothermal power plants.

Thermal plants powered by coal, liquefied natural gas and oil should be relegated to an auxiliary role for use during peak periods of power demand, it said.

New types of power generation systems, such as those fueled by "cogeneration" and recycled waste materials, should be incorporated into the overall power supply system in Japan, the report said.

MITI's Policy on New Energy Sources Announced

OW2406133094 Tokyo KYODO in English 1233 GMT 24 Jun 94

[Text] Tokyo, June 24 KYODO—The Ministry of International Trade and Industry (MITI) on Friday [24 June] released a draft policy for promoting the use of new energy sources such as solar power, with an emphasis on cooperation with local governments and public sectors.

The policy, examined by the ministry and the Agency of Natural Resources and Energy, is aimed at aiding projects for building and installing new energy facilities so as to increase use.

A formal policy will be announced by the end of this year, ministry officials said.

According to the draft, the ministry and the agency plan to first clarify what kinds of new energy they should place priority on, and then set up guidelines for projects. Actual projects are expected to be implemented by local governments and public organizations.

The new energy sources under consideration include solar energy and energy released from incinerators.

For example, the government planners aim at lowering the cost of facilities for generating electricity from solar energy to below 200,000 yen per kilowatt by the year 2010.

With the cost at such a level, the planners project that solar- generated electricity could be provided to 20 percent of newly built homes. Annual electricity supply from this source is targeted at 4.60 million kilowatts, according to the draft plan.

In order to attain such goals, the planners will suggest that the government set standards for equipment and facilities for solar energy power generation.

Changing the existing safety regulations governing electricity generation facilities, and introducing special tax incentives for those who invest in this field will also be recommended.

Meanwhile, local governments and public groups will be called on to draw up their own project plans in line with the central government guidelines.

As for implementation, the recommendation is that the central government offer technological and financial help to local sectors.

Panel Seeks Reform of Electric Power Industry

OW2206085494 Tokyo KYODO in English 0715 GMT 22 Jun 94

[Text] Tokyo, June 22 KYODO—A Japanese Government panel on Wednesday [22 June] proposed easing rules and regulations as much as possible on safety and maintenance involved in electric power generation while maintaining the current security level.

The government should pursue a new security policy on electric power generation in response to the recent marked increase in safety and maintenance levels amid a rapid improvement in product quality, the Electricity Utility Industry Council, an advisory organ to the trade minister, said.

In an interim report presented to International Trade and Industry Minister Eijiro Hata, the council said the government's direct involvement in security of power generation should be reduced to a minimum necessary level.

How to maintain safety levels should thus basically be left to decision by each power supplier, with emphasis put on the principle of "self responsibility," the council said.

Government controls should be limited to prevention of pollution and other areas that affect public safety, it said.

Consumers of electricity should also share responsibility in maintaining security, the report said.

The council recommended further improvement in safety and maintenance levels through new technology development.

Standardization of power generation facilities and equipment should be promoted to upgrade overall security levels, it said.

Cost of Rice Production Increase Noted in 1993

OW2906060794 Tokyo KYODO in English 0436 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Japan's rice production costs rose 12.1 percent last year, reflecting the poor harvest that dragged production per 10 ares [1,000 square meters] down by 7.8 percent, the Ministry of Agriculture, Forestry and Fisheries reported Wednesday [29 June].

For the 1993 rice harvest, the cost of rice production stood at 21,818 yen per 60 kilograms, including goods, labor costs, and interest and farm land rental fees, the ministry said.

Production costs per 10 ares were also up, rising 3.4 percent to 172,633 yen.

The findings could be bad for the ministry, which has been trying to push down the price to be paid for the 1994 rice harvest—to be determined in terms of the bottom of the average rice production cost for the past three years.

A ministry official noted the sharp increase in rice production costs was partly exaggerated by the method of calculation used, which counts only rice farmers who sold 600 kg or more to the government and lost less than 20 percent of production to natural disaster.

This led to a decline in sampling farmers in relative productive areas, such as Hokkaido and Tohoku, which were affected most by last year's wet and cool summer.

"Production costs increased in a way that did not reflect a decline in the rice harvest because the ratio of farmers in less productive areas to farmers polled was up," he explained.

Matsushita To Introduce Computerized Phone Book

OW2906074794 Tokyo KYODO in English 0700 GMT 29 Jun 94

[Text] Osaka, June 29 KYODO—Matsushita Electric Industrial Co. said Wednesday [29 June] it will introduce a computerized in- house telephone directory Friday covering its entire workforce of about 100,000 at home and overseas.

The world's leading consumer electronics maker said the new system allows employees to retrieve necessary phone and fax numbers as well as departments and titles of personnel from the database via personal computers within three seconds.

The company said the system will help improve management efficiency and cut costs of updating a 1,700-page in-house telephone directory twice a year.

Handy-Phone To Outstrip Cellular Phone in Future

OW2906121794 Tokyo KYODO in English 1028 GMT 29 Jun 94

[By William Mallard]

[Text] Tokyo, June 29 KYODO—Japanese investors ignored politics and a surging yen Wednesday [29 June] in a rush to buy stocks linked to a next-generation portable telephone system.

Despite declines on the key stock market indexes, buyers pumped billions of yen into telecommunications and electrical equipment makers and even engineering firms expected to benefit from the "personal handy-phone system."

Leading the pack of newly hot stocks is long-distance carrier DDI, which traders and analysts said appears to be in the forefront of the new market.

DDI jumped 330,000 yen, or 3.6 percent, in active trading on the Tokyo Stock Exchange second section Wednesday to a 1994 high of 9.53 million yen, even as the benchmark Nikkei stock average slipped 0.8 percent.

The stock has added 9.5 percent since Tuesday when DDI said it is launching a subsidiary, headed by a DDI senior vice president, devoted to developing the new mobile phone system.

The personal handy-phone, to be launched in the fiscal year starting next April and expected to be commercialized next summer, will be cheaper to buy and use and more convenient than current cellular phones.

DDI has stepped in as the "pillar" for theme-related buying in a market that has been buffeted at the mercy of the foreign exchange markets, said Yasuo Ueki, general manager of equities operations at Nikko Securities Co.

Investor enthusiasm spread to DDI's biggest shareholder, Kyocera, which led the first section volume list Wednesday in terms of the value of shares traded, jumping 190 yen, or 2.6 percent, to 7,450 yen for a 5.8 percent rally in two days.

A Posts and Telecommunications Ministry panel predicted the handy-phone system will outstrip current cellular phones in coming years, projecting 37.9 million handy-phone users in 2010, compared with 32.0 million users of traditional cellular phones.

The system "clearly" offers more promise than cellular, said Toshio Sato, telecommunications analyst at UBS Securities Ltd., which recommends DDI as a "buy."

A flood of other shares were snatched up Wednesday in the handy- phone theme buying.

Other stocks hawked by brokerages as direct beneficiaries of the new business were DDI shareholder Ushio, jumping 50 yen in heavy trading to 1,150 yen, and communications equipment maker Kyushu Matsushita Electric, surging 110 yen to 3,210 yen.

The handy-phone's signal travels only a few hundred meters, compared with several kilometers for current cellular phones, but the relay stations are far easier to install, analysts said.

Positioned for a hefty chunk of the station-building business is telecom engineering firm Nippon Comsys, said Harushige Kobayashi, analyst at Yamaichi Securities Co. It was the day's most active stock in terms of number of shares traded, rising 30 yen to 1,530 yen.

Engineering leader Kyowa Exeo, also active, gained 20 yen to 1,400 yen. Daimei Telecom Engineering added 60 yen to 1,490 yen.

Among companies expected to make liquid-crystal parts for the new phones, Kinseki soared 150 yen to 2,100 yen and Toyo Communication equipment gained 70 yen to 3,210 yen.

Trailing the pack is Nippon Telegraph and Telephone (NTT), with analysts favoring the nimbler small competitors and regulators concerned about competition if the goliath were to participate directly. NTT added 14,000 yen, or 1.6 percent, to 858,000 yen.

Think Tank Reduces Economic Growth Projection

OW2706120994 Tokyo KYODO in English 1148 GMT 27 Jun 94

[Text] Tokyo, June 27 KYODO—A private think tank said Monday [27 June] it has revised downward Japan's real economic growth for fiscal 1994 to 1.2 percent from the 1.6 percent forecast last December due to sluggish corporate capital investment.

The Research Institute on the National Economy said the growth rate may decline to around 0.9 percent depending on the future movement of the yen's exchange rate against the dollar.

The institute said the yen's recent appreciation was not taken into consideration in the new forecast.

It said the latest forecast reflects a 5.2 percent drop in corporate capital investment and a 1.6 percent rise in ultimate consumer spending.

Declining commodity prices will help accelerate economic recovery while an increase in disposable incomes due to increasing overtime hours will contribute to stabilizing consumer spending, the institute said.

The domestic economic growth rate will be depressed by around 0.3 percentage point further if the yen's exchange rate against the dollar averages 100 to the dollar in the current fiscal year, the institute said.

Tokyo To Face Revenue Shortfall for FY 1993

OW2906112494 Tokyo KYODO in English 0908 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Japan's national budget is to face a revenue shortage for fiscal 1993, the second shortfall in a row, with revenue falling 700-800 billion yen short of an official estimate, Finance Ministry officials said Wednesday [29 June].

It will be the first time in the postwar period that the state budget has seen a revenue shortfall for two consecutive years.

The officials blamed the likely figure chiefly on the prolonged economic downturn, resulting in a revenue shortfall of more than 1.5 trillion yen from corporate and other taxes.

Due chiefly to a larger-than-expected drop in corporate tax revenues, overall tax revenues are likely to fall 1.5-1.6 trillion yen short of an official estimate, they said.

The officials said they expect nontax revenues and unspent budgetary funds to help offset the revenue shortfall but added they will be forced to tap a special fund set aside to settle the state budget account.

But the special fund itself has no money outstanding at present, meaning that the ministry has to transfer some money in a sinking fund for state debt to the special fund, they said.

MITI: Industrial Output Continues Lower in May

OW2906074994 Tokyo KYODO in English 0716 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Production at Japan's factories and mines, adjusted for seasonal factors, contracted 0.8 percent in May from the previous month for the second straight monthly dip, the Ministry of International Trade and Industry said Wednesday [29 June].

The May fall, measured by the ministry's index for manufacturing and mining production, followed a revised 1.9 percent fall in April, which came after a 4.6 percent gain in March.

The index stood at 90.2 against the base of 100 for 1990.

The nation's industrial output has registered ups and downs alternately for nine months dating back to last August.

In May, shipments were also down, falling 2.9 percent after a 2.1 percent fall in April, leaving the index for shipments at 90.6.

Inventories edged up 0.7 percent after falling 0.6 percent in April, leaving the index for inventories at 105.5.

The index for the ratio of inventories to sales stood at 117.8, up 3.4 percent. The ratio rose 1.1 percent in April.

On an unadjusted basis, industrial production in May slid 1.4 percent from a year earlier, extending the record string of year-to-year falls to 32 months.

National Banks Suffer 5th Straight Profit Fall

OW2906084794 Tokyo KYODO in English 0806 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Japan's 150 national banks suffered a fifth straight year of lower pretax and net profits in fiscal 1993 on massive write-offs of bad loans and squeezed profit margins, a banking association said Wednesday [29 June].

Pretax profits totaled 1,544.3 billion yen in the year ended March 31, down 31.5 percent from the year before due chiefly to write-offs of nonperforming loans, the federation of bankers associations of Japan said in a report based on unconsolidated statements.

None of the banks posted pretax losses, with three banks recovering from losses in the previous year, it said.

Net profits came to 802.4 billion yen, down 10.6 percent, marking a lower fall than that of pretax profits on the heels of declines in tax payments.

Unlike the previous two years, the banks also faced lower net profits from the core banking business, falling 5.2 percent to 4,440.8 billion with profit margins shrinking 0.06 percentage point to 0.01 percent as the downward trend of interest rates came to a halt, the federation said.

The balance of loans with insolvent borrowers was at 3,339.4 billion yen as of March 31, up 19.4 percent from a year earlier, at the 150 banks.

As for bad loans with no interest payments for six months and longer, the balance came to 7,295.8 billion yen, up 3.4 percent, at 21 major banks—11 major commercial "city" banks, seven trust banks and three long-term credit banks. Only the 21 major banks are obliged to disclose the interest-delayed bad loans.

Operating revenues at 150 banks dropped 8.8 percent to 46,090.2 billion yen.

The balance of lending stood at 539,061.6 billion yen, down 0.6 percent from a year before to post the first fall in the postwar period, stemming from low fund demand from both companies and individuals amid the prolonged economic slump, the federation said.

Deposits edged 0.04 percent lower to 552,618.7 billion yen.

Think Tank Forecasts 1.3 Percent Economic Growth

OW2906084694 Tokyo KYODO in English 0827 GMT 29 Jun 94

[Text] Tokyo, June 29 KYODO—Japan's economy will grow 1.3 percent in real terms in fiscal 1994, helped by the government's stimulus measures, a private think tank forecast Wednesday [29 June].

The Yamaichi Research Institute of Securities and Economics, affiliated with Yamaichi Securities Co., said it based its projection on an exchange rate of 103 yen per dollar.

The institute predicted consumer spending will remain steady during the fiscal year ending next March 31, while policy effects such as tax cuts and increased public works investment will help stimulate the domestic economy.

The scenario has to be overhauled if the dollar sinks to an unprecedented 90-100 yen level, the company said.

The institute warned the domestic economy may stall again after fiscal 1996 following net growth of 2.3 percent in fiscal 1995 because structural adjustments, such as reduction of excess employees by corporations and liquidation of bad loans by financial institutions, have yet to be completed.

Mongolia

MONTSAME Carries Press Review for 28 Jun

BK2906063394 Ulaanbaatar MONTSAME in English 1723 GMT 28 Jun 94

[Text] Ulaanbaatar, June 28./OANA-MONTSAME/. The newspaper "ARDYN TOR" informs that the State Great Hural /SGH/ spring session has finished consideration of the draft law on territories which are under the state special protection in the first reading. During discussion of the draft law the parliament members have paid great attention to drawing the law nearer to the generally accepted world standards, paying great attention to classification of territories which should be under the state protection, to observation of requirements of nature and environment protection . The session has returned the draft law on property in land for further elaboration to the standing committee on protection of nature and environment. As the newspaper informs, the SGH session has adopted a resolution on measures connected with making additions and amendments in the law on administrative-territorial units and their governing.

The newspaper publishes an information about staying in the country of the parliament delegation of the Kingdom of Thailand headed by the president of the Senate M. Ruchupan. As the newspaper informs, the parliament delegation of Thailand held negotiations with the chairman of the State Great Hural N. Bagabandi on the issues of mutual cooperation of parliaments of the two countries.

The newspaper carries recommendations of the second national conference "For Normal Childbirth". The conference was organized by the Ministry of Health jointly with the UN Fund for Population Activities and the World Health Organization. The recommendations concern creation of conditions for normal childbirth of pregnant women, protection of health of newly-born child, family planning.

On the eve of the national holiday Naadam, which according to the tradition is celebrated in the days of celebration of the anniversary of the people's revolution of 1921, the newspaper publishes an interview with the well-known wrestlers P. Sukhbat, T. Bayarsaihan, holders of the title "Elephant". The most probable winner of the coming national wrestling tournament, as they consider, is "Giant" B. Baterdene, who is a constant winner of the biggest tournaments of the last years. The newspaper notes that in 1994 68 wrestlers will participate in the national wrestling tournament.

The Mongolian trade union newspaper "HODOLMOR" devotes its last issue to the best publications of Mongolian and foreign press. The newspaper publishes a material of journalist G. Jamyanbn, which was published earlier in the newspaper of the Mongolian capital "ULAANBAATAR". In this article the journalist writes about changes and reforms taken place in the country since March 1990. In the journalist's view many representatives of the former authoritative regime have preserved their positions or have taken the opportunity to become rich during privatization of property. As the journalist considers, also representatives of democratic forces are doing the same.

The newspaper republishes an article from the Belgian newspaper "AM-WOOB". The author of the publication German journalist Z. Waife shares his impressions about his colleagues who studied in their [word indistinct] the Moscow High Party School, in particular, about the Mongolian journalist L. Purevdorj. Holding earlier high posts at the Defence Ministry and getting the rank of general, now he has become the Democratic Party member, notes the German journalist. In his view, L. Purevdorj should not be blamed for quitting the Mongolian People's Revolutionary Party, what has become an ordinary thing in the former so called socialist countries.

North Korea

Results of 28 Jun N-S Contact Reported

SK2806155194 Pyongyang KCNA in English 1539 GMT 28 Jun 94

["Preliminary Contact for North-South Top-Level Talks Held"—KCNA headline]

[Text] Panmunjom, June 28 (KCNA)—A preliminary contact of the vice-premier level for historic North-South top-level talks was held at Panmunjom today, drawing attention of the entire Korean people who eagerly wish peace on the Korean peninsula and the independent and peaceful reunification of the country as well as world public attention. At ten in the morning chief delegate Kim Yong-sun, chairman of the reunification policy committee of the Supreme People's Assembly, and delegates and support personnel of the North side and chief delegate Yi Hong-ku, "deputy prime minister and unification minister," and delegates and support personnel of the South side entered the room for the contact.

At the contact, chief delegates of the two sides made keynote speeches on their respective positions concerning the opening of the North-South top-level talks.

In his speech, Kim Yong-sun said the reality facing the Korean nation now with one year to go before the 50th year of national division is grim, expressing the belief that the holding of the North-South top-level talks would mark an important historical occasion in setting right the orientation of our nation.

He further said:

The North-South top-level talks must be successful talks on all accounts to promote national reconciliation and unity and give all the fellow countrymen bright hopes of peace and independent and peaceful reunification of the country.

It is our consistent stand to open a dramatic phase for achieving national reunification through top-level talks without any outside interference.

Respected President Kim Il-song personally initiated top-level talks already when the North-South dialogue began in May 1972 and has made particular efforts to arrange meaningful top-level talks for the reunification of the country.

Our proposal in May last year for the exchange of special envoys was also part of the efforts for top-level talks.

But these efforts failed to bear a proper fruit.

It is, indeed, very lucky that the top-level talks which have failed to be realized for the past decades are going to see the light now, nearly 50 years after division. Underlying this, I think, is the common stand of the North and the South concerned over the present and future of the nation.

This stand is, indeed, a manifestation of the spirit of independence for shaping the destiny of our nation by the efforts of Koreans themselves.

We can say a success of the top-level talks is guaranteed, if the North and the South do not differ in this spirit of national independence. For, lying in this are the supreme idea that links the North and the South by one bond, the source of the nation's will and strength capable of shaping our destiny by ourselves, and a sure guarantee for defending the common interests of the nation without playing into the hands of outside forces that make scapegoats out of the interests of our nation.

If both sides proceed from this spirit of independence and national stand, the North and the South can get reconciled to and unite with each other, transcending all difference in conformity with the principles of independence, peaceful reunification and great national unity, break the deadlock by the united efforts of the nation itself and climb a peak of reunification and prosperity as desired by all the fellow countrymen.

The North-South top-level talks we are going to arrange will mean creating a great new history of the nation, an undertaking for turning the history of antagonism which has lasted for half a century in our country into a history of great national unity, and the history of confrontation into a history of peace, and the history of division into a history of reunification.

It will no doubt bring to our 70 million fellow countrymen bright hopes of reunification in the 1990s and restore the high pride of our nation with a fine history, tradition and resourcefulness.

It will also give great joy to the peaceloving people of the world who are concerned over the situation on the Korean peninsula.

Kim Yong-sun stressed the heavy responsibility of both sides in successfully preparing the historical North-South top-level talks, and clarified the North side's stand concerning the basic matters that should be discussed at the preliminary contact.

First, the venue of the top-level talks.

We hope that Pyongyang will be designated as the venue of the top-level talks. It is because respected President Kim Il-song already invited the president of the South Korean side to visit Pyongyang when the latter was active in an opposition party and the South Korean president has repeatedly expressed his willingness to meet President Kim Il-song at any place and visit Pyongyang.

Second, the date of the top-level talks.

We hope that the talks will be held in mid-August.

We think it is a significant time because it is around the liberation day of August 15 both the North and the South celebrate.

Third, working procedures for the top-level talks.

We think it reasonable to discuss the working matters except such important ones as the venue and date of the talks at a contact of delegates—a delegate and two support personnel from each side—immediately after today's contact.

The contact of delegates may begin on July 1 and discuss such matters of working procedures as the composition and size of the delegation, the schedule of stay, the dispatch of an advance team, the procedures of travel, offer of conveniences, and guarantee of personal safety.

Fourth, the creation of an atmosphere for the top-level talks.

In order to arrange successfully the talks between the top-level authorities of the North and the South, we propose that both sides stop any act that may mar the atmosphere of the top-level talks from July 1.

The chief delegate of the North side put forward a draft "agreement of the preliminary contact for the North-South top-level talks" containing the above idea.

At the contact, the venue and the date of the North-South top-level talks were mainly discussed with sincerity.

The contact lasted till 5:50 PM when both sides reached a unanimity of views on all the points of the agreement for the opening of the North-South top-level talks. They arranged the text of the agreement and formally adopted the agreement on this basis.

The chief delegates of the two sides signed copies of the agreement and exchanged them.

At the contact, the North side showed sincerity and magnanimity all along for the arrangement of the North-South top-level talks in conformity with the desire and expectation of the entire nation.

Kim Yong-sun Gives Keynote Speech

SK2906003294 Pyongyang Korean Central Broadcasting Network in Korean 1212 GMT 28 Jun 94

[Text] Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly and head of our side's delegation, made a keynote speech at the preliminary contact for the top-level talks between the North and South. In the speech, he pointed out that he was pleased that both sides were holding a preliminary contact after reaching an agreement on holding top-level talks. He went on to say:

We are very close to 1995, the year which all fellow countrymen hope will be the first year of reunification, and leave but one year before the 50-year mark of national division, which we should not go beyond.

We firmly believe that the convocation of top-level talks between the North and the South will be an important historic occasion for correctly setting the direction of our nation.

The North-South top-level talks should become, at any cost, successful talks that will give all fellow countrymen a bright hope for national reconciliation and unity and peace in the country and its independent, peaceful reunification.

As your side knows, the respected and beloved President Kim Il-song personally initiated top-level talks as early as May 1972, when North-South dialogue first began, and since then, has paid special attention to arranging top-level talks, which will be of significance for the country's reunification.

It is indeed fortunate that the top-level talks that failed to be realized for the scores of years in the past have come to light for the first time today, 50 years since the country was divided. We think that precisely on this basis lies our common position of worrying over the nation's present and future.

The North-South top-level talks, which we are now going to arrange, will become the creation of a great new national history in which the history of antagonism, which has lasted for half a century in our country, changes into a history of great national unity; the history of confrontation becomes a history of peace; and the history of division becomes a history of reunification.

While frankly stating our basic views on the pressing top-level talks between the North and South, and emphasizing the important responsibility of both sides for the successful preparation of the historic top-level talks between the North and South, I will now put forth our proposal on the basic issues to be discussed at the preliminary contact.

First, the issue of the venue of the top-level talks. We propose that the top-level talks be held in Pyongyang. As your side knows, when President Kim Yong-sam was in the opposition party, the respected and beloved President Kim Il-song had asked him to visit Pyongyang, and President Kim Yong-sam had repeatedly expressed the will that he will meet with President Kim Il-song, irrespective of the venue, and that he will visit Pyongyang. We believe that setting Pyongyang as the venue coincides with the will of the top-level of both sides.

Second, the issue of the date of the top-level talks. We propose to hold the top-level talks in mid-August. We believe that this date is significant because it is right around the day when the North and South all celebrate 15 August.

Third, the issue of the working-level procedure for the top-level talks between the North and South. We must discuss various working-level procedural issues for holding the top-level talks. We believe that, except for important issues such as the venue and date, it is rational to have a delegates' contact right after today's contact with one delegate from the preliminary contact of each side and two accompanying members of each side to discuss the other working-level issues. The delegates' contact should start 1 July, and should be able to discuss issues such as the composition and scope of the delegation, schedule of the visit, dispatch of the advance team, procedures for exchange of visits, guarantee of accommodations, guaranteeing personal safety, and other working-level issues.

Fourth, the issue of creating an atmosphere for holding the top-level talks. If the talks are to be successful so that the top-levels of the North and South can meet, we believe it is important for both sides to create a good atmosphere. Thus, we propose that starting 1 July both sides completely stop all acts that may cloud the atmosphere for the top-level talks.

As such, while putting forth our proposal regarding the holding of the top-level talks between the North and South, we propose that an agreement on the preliminary contact for the top-level talks between the North and South be adopted along these lines so an announcement can be made today.

Points Agreed Upon Listed

SK2806155494 Pyongyang KCNA in English 1542 GMT 28 Jun 94

[Text] Panmunjom, June 28 (KCNA)—An agreement was adopted at the preliminary contact of the vice-premier level for North-South top-level talks which was held at Panmunjom today.

According to the agreement, the sides at the contact agreed to the following points.

The sides shall hold the North-South top-level talks in Pyongyang from July 25 to 27, 1994.

The period of stay may be extended, if necessary.

The next talks shall be decided upon at the will of the top-level authorities of both sides.

The composition and size of the delegation to the North-South top-level talks, the form of talks, the schedule of stay, the dispatch of an advance team, the procedures of travel, offer of conveniences, guarantee of personal safety and other matters of working procedures shall be discussed at a contact of delegates—one delegate to the preliminary contact and two support personnel from each side.

The contact shall be held at the Tongil House in the northern portion of Panmunjom at 10 AM July 1, 1994 (Friday).

Both sides shall make joint efforts to create a good atmosphere for the North-South top-level talks in such a manner as to promote reconciliation and unity, confidence and understanding.

South Koreans 'Praise' Kim Il-song's Work

SK2606085294 Pyongyang KCNA in English 0808 GMT 26 Jun 94

[Text] Pyongyang, June 26 (KCNA)—South Korean people, who have read the great leader President Kim Il-song's reminiscences "With the Century," praise him as a master of thought and theory, genius of leadership and peerless hero with noble virtues.

A journalist surnamed Pak in Chungju said:

"In his reminiscences, President Kim Il-song did not mention his activities, exploits and traits but recalled more the feats and activities of his comrades-in-arms and ordinary people, with whom he shared weal and woe during the days of the fight against Japanese imperialism and for the liberation of the country, and placed them in honorable positions in the history of the nation."

"This fact alone," he continued, "shows us well that President Kim Il-song is the greatest of great men without equal in human history, who has an outstanding natural gift as the leader."

A certain Kim, a high school teacher in Pusan, said:

"It is natural that the progressive mankind of the whole world respect and follow President Kim Il-song."

While reading the great leader's reminiscences, the South Korean people are most deeply impressed by his unshakable spirit of "believing in the people as in heaven," the teacher said.

A professor choe of Korea university said:

"The 80 years of President Kim Il-song is a career dedicated to the prosperity of the country and the nation and the happiness of the fellow countrymen.

"In the preface of his reminiscences, he said 'to believe in the people as in heaven' is his creed and maxim.

"President Kim Il-song is, indeed, the great sun of the nation and tender-hearted father of the nation who has performed imperishable feats in the history of the nation."

A professor Yi of Kyongbuk National University in Taegu said:

"History has recorded many famous leaders, but no such great leader as our general Kim Il-song."

Hanminjon Mission Supports 'People's Resistance'

SK2806230894 Pyongyang KCNA in English 1506 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—Yi Chong-sang, chief of the Pyongyang mission of the South Korean National Democratic Front (Hanminjon), was interviewed by KCNA Monday on the occasion of the seventh anniversary of the June people's resistance.

Noting that the June people's resistance was an eruption of the pent-up wrath of the South Korean people against the colonial military fascist system of the U.S. imperialists and an expression of the strong desire of the people to achieve independence, democracy and reunification, he said the authorities' acts of perfidy, deception, swindle and fraud have created an environment in which the "civilian" fascism and "security-oriented rule" overshadowing the military fascism of the "Fifth and Sixth Republics" have appeared again in South Korea and the situation has returned to a phase before the June people's resistance.

Calling attention to the fact that the South Korean authorities have been begging the United States and Japan for "sanctions against the North", resorting to an "international cooperation system", he said: "We, the people in the South, can never remain an onlooker to it but will be responsible for our own destiny and rise in the struggle to establish a true democratic government."

"Our Hanminjon, a patriotic vanguard of the South Korean people," he said, "will fight in the van of the nationwide patriotic resistance of the South Korean people under the banner of '10-point programme of the great unity of the whole nation for the reunification of the country' put forward by the great leader Comrade Kim Il-song and thus accomplish the nation's historical cause of reunification in the 90s without fail. [no closing quotation mark as received]

23-28 Jun 'War Hysterics' in DMZ Reported

SK2906110194 Pyongyang KCNA in English 1042 GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—The South Korean bellicose elements sent a recoiless gun and more than 40 armed bandits to the Demilitarized Zone (DMZ) South of the central sector of the front Tuesday and let them take a firing posture toward the North side's post for hours, threatening the safety of People's Army soldiers, according to military sources.

More than 400 bandits armed with machine guns and automatic weapons went off into war hysterics after entering the DMZ South of the western sector of the front on the 26th and South of the central and eastern sectors of the front on the 24th.

The armed bandits who were illegally hurled into the DMZ by the South Korean bellicose elements from June 23 to 28 numbered more than 3,200 and military vehicles more than 980.

The South Korean bellicose elements must immediately withdraw all the heavy automatic weapons from the MP posts, clearly mindful that any minor accidental incident in the DMZ may lead to a grave development.

Reunification Urged by 'Confederacy Formula'

SK2906052794 Pyongyang KCNA in English 0505 GMT 29 Jun 94

["NODONG SINMUN Calls for Reunification by Confederacy Formula Based on National Unity"—KCNA headline]

[Text] Pyongyang, June 29 (KCNA)—NODONG SINMUN today carries a by-lined article calling for the reunification of the country by a confederacy formula based on the unity of the whole nation.

Our nation, proud of its 5,000-year long history as a homogeneous nation with Tangun as its father, must be one homogeneous state both in view of its blood and history, the article says, and continues:

Great national unity is a prerequisite to the independent and peaceful reunification of the country and its essential content.

If the whole nation harmonizes and unites it will immediately be the reunification we want. The only way open to our nation is to reject aggression and interference of outside forces and achieve the unity of the fellow countrymen.

The North and the South of Korea are an inseparable community of common destiny. The supreme interests of the nation lie in national reunification. So, the whole nation must promote co-existence, co-prosperity and common interests and subordinate everything to the cause of national reunification.

It is for true harmony and unity of the nation that the Workers' Party of Korea and the DPRK Government are calling for national reunification by a confederacy formula based on one nation, one state, two systems and two governments.

Different ideologies and systems existing in the North and the South of Korea, the country must be reunified by means of confederation based on one nation, one state, two systems and two governments, in accordance with the principle of neither side conquering the other side or being conquered.

The confederacy is a formula of national reunification evolved with the interests of the nation placed above anything else, on the basis of national unity.

This formula proceeds from the notion that two different systems and two governments can co-exist in one national state.

The difference in ideology and system can not be a condition for keeping one nation divided into two indefinitely and nothing can be an unsurmountable obstacle in reunifying the North and the South as one nation and one state.

To reunify the country through confederacy based on one nation, one state, two systems and two governments is the great principle of the way of national reunification, the principle which conforms with the actual conditions of our country.

ROK Authorities' Worker 'Suppression' Condemned

SK2906102294 Pyongyang KCNA in English 1005 GMT 29 Jun 94

["Ruthless Suppression—KCNA headline]

[Text] Pyongyang, June 29 (KCNA)—NODONG SINMUN today demands the South Korean authorities immediately stop fascist suppression of workers.

The news analyst says:

The South Korean rulers' suppression of railway and subway workers is entirely unjustifiable.

The South Korean workers rose in struggle to gain elementary vital rights and the right of labour including wage hike and eight-hour workday. This can by no means be incriminated.

If the South Korean authorities have a shred of human nature and conscience, they must not incriminate the workers raising just demands but rectify the anti-popular labour system, in which the wages of workers are frozen and they are bled white, and the exploitation by the employers. Nevertheless, the South Korean authorities only resort to suppression of workers.

What is more despicable is that the South Korean rulers brand the workers' struggle for vital rights as "a political struggle" and talk about "interference of a third party." This is no more than a pretext to justify and expand their truculent fascist suppression.

The wholesale crackdown and roundup campaign of fascist police in different parts of South Korea reminds one of the brutalities of "paratroopers" at the time of the Kwangju bloodbath, in brutality, high-handedness and mercilessness.

Suppression is, however, no way out. If the South Korean rulers continuously resort to suppression, ignoring the just demands of the workers, the workers' resistance will grow stronger and turn into a bomb against the fascist "government."

Urged To Accept Workers' Demand

SK2906045694 Pyongyang KCNA in English 0447 GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—A spokesman for the Central Committee of the General Federation of Trade Unions of Korea released a statement yesterday fully supporting the struggle of South Korean rail and subway workers and bitterly denouncing the anti-democratic suppression of their righteous struggle by the South Korean authorities.

The statement says if the South Korean authorities truly want to pursue civilian administration and policy of reform, they must meet the just demand of the workers for vital rights and democracy, instead of wielding the club at them.

"Their massive struggle is an inevitable result of the anti-popular labour policy of the South Korean authorities and their deceptive 'policy of reform,'" the statement says, and goes on:

"Nevertheless, the South Korean authorities are now harshly suppressing and threatening the workers in their just struggle by invoking the 'government' power. This is an unpardonable violation of their human rights."

The statement expresses the belief that the entire workers, students and other people of broad strata in South Korea will vigorously wage a just struggle for vital rights and democracy in solidarity with the rail and subway workers, actively supporting their struggle.

"All the workers and unionists in the North will as ever warmly support the South Korean workers, their class brothers, in the righteous struggle for vital rights and democracy," the statement declares.

U.S. Group Holds Meeting of Solidarity

SK2606085594 Pyongyang KCNA in English 0815 GMT 26 Jun 94

[Text] Pyongyang, June 26 (KCNA)—A meeting of solidarity with the Korean people was held in the United States on June 21 on the occasion of the June 25- July 27 month of anti-U.S. joint struggle.

A streamer reading "U.S., get out of Korea" was hanging and materials on the U.S. imperialists' provocation of the Korean war and propaganda materials calling for intensifying international solidarity with the Korean people were on display at the meeting place.

In her speech at the meeting Sue Bailey, co-chairperson of the U.S. Get Out of Korea Committee and representative of the International Action Center, cited materials to prove the falsity of Western media's distorted propaganda that North Korea unleashed the war.

The Western media's fuss about "nuclear suspicion" is aimed at stifling Korean socialism, she said, and called on the anti-war peace movement of the United States to intensify the solidarity movement for the just struggle of the Korean people and thus smash the U.S. moves to unleash another war.

In his speech, Ramsey Clark, former U.S. attorney general, said the effort to subdue the Korean people with threats is a foolish attempt.

He said the United States should conclude a peace agreement with North Korea and withdraw its troops from South Korea.

The U.S. moves to stifle socialist Korea are bound to go awry, he stressed.

Peaceful Reunification Meeting Held in Tokyo

SK2806231394 Pyongyang KCNA in English 1512 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—The 4th Christians meeting on peaceful reunification of the country and missionary work recently took place in Tokyo.

Attending the meeting were representatives of Korean Christians in the North and South and abroad.

Representatives of Roman Catholics and Buddhists from South Korea and Korean believers of these religious in Japan were present as observers.

The meeting discussed "the role of Churches in applying the principle of great national unity" and adopted a joint resolution.

The resolution stressed that the reunification of the country should be realized on the principle of promoting co-existence, co-prosperity and common interests, not through a unilateral conquest by any one system.

Noting that a concrete action must be launched for national reconciliation and great unity, it said:

"We strongly urge all the parties concerned to seek a fair and peaceful solution to the nuclear issue on the Korean peninsula for the co-existence of the entire Korean nation, instead of an unreasonable solution by a strongarm logic.

"We categorically oppose any military drill that may create an atmosphere of war on the Korean peninsula, on whatever ground it may be staged.

"Sincerely respecting the movement for peaceful reunification which the overseas Koreans' Churches have conducted under difficult conditions of restrictions, and expressing deep apprehensions for a series of unequal treatment and outrages against Koreans in Japan of late, we strongly urge the Japanese authorities to take a responsible step.

"We declare that we will actively help all the churches in the North and the South and overseas compatriots' churches to go ahead with the consistent movement for peaceful reunification, and will respect and extend solidarity to the movement for peaceful reunification of all the organisations that seek a reunified country."

Israeli Allegation of Scud Transfers Denied

SK2906152494 Pyongyang KCNA in English 1515 GMT 29 Jun 94

["False Propaganda About "Missile Export"'—KCNA headline]

[Text] Pyongyang, June 29 (KCNA)—The Voice of America recently quoted Israeli Prime Minister Yitzhak Rabin as saying the DPRK transferred Scud-D and Scud-C missiles and technology of their manufacture to Syria.

His statement is an utterly groundless allegation revealing the sinister intention of Israel to vilify the DPRK.

It is inconceivable for the DPRK, which makes consistent efforts for world peace and security and the ban on the use of mass-destruction weapons and their total abolition, to export missiles to Syria and other Mideast countries.

It is a policy and an unshakable position of the DPRK not to deliver or export such mass-destruction weapons as missiles.

The Israeli authorities gravely threaten the Mideast countries with many mass-destruction weapons.

They, possessed of large quantities of nuclear weapons, turn a deaf ear to the just voices of Arab countries and the world public for the denuclearization of the Middle East. Their outcry over the "missile problem" of the DPRK is a despicable effort to impair the international prestige of the DPRK, joining the hostile forces trying to isolate and stifle it.

By spreading this false rumour at a time when the tensions on the Korean peninsula are showing signs of relaxation, they are obviously seeking a sinister political purpose of providing a new pretext to those who do not like to see the third round of DPRK-USA talks.

Israel must immediately stop the foolish attempt to mar the image of the DPRK, clearly mindful that it can get nothing from the false propaganda but will only reveal its despicable nature.

A fair settlement of the Middle East problem stands out with great urgency today in view of the vital interests of the peoples in this region.

If this problem is to be resolved fairly at an early date, Israel must withdraw from the Golan Heights and all other Arab territories without delay.

Greetings Sent to President of Zaire

SK2906110894 Pyongyang KCNA in English 1039 GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to President Mobutu Sese Seko Kuku Ngbendu Wa Za Banga on the occasion of the 34th anniversary of the independence of Zaire.

President Kim Il-song in the message expressed the belief that the friendly relations between the two countries would continue to develop and wished the president and the people of Zaire success in their work for national unity and the country's prosperity.

Kim Il-song Sends Message to President of Sudan

SK2906105694 Pyongyang KCNA in English 1038 GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to President 'Umar Hasan Ahmad al-Bashir on the occasion of the 5th anniversary of the day of revolution in the Sudan.

Wishing the president and the people of the Sudan greater success in their work for the stability and the prosperity of the country, President Kim Il-song in the message expressed the conviction that the friendly relations between the two countries would continue to develop on good terms.

Foreigners Hail 'Politics of Love and Trust'

SK2906104394 Pyongyang KCNA in English 1020 GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—The world public and press highly praise the politics of the dear leader Comrade Kim Chong-il as politics of love and trust and a magnanimous policy.

Kenichi Ogami, secretary general of the International Institute of the Chuche Idea and chairman of the Permanent Committee of the Japanese Society for the Study of Kimilsongism, said:

The noble humanity of Secretary Kim Chong-il as an illustrious leader is unbounded fidelity and devotion to the leader and the party, the revolution and the people.

Secretary Kim Chong-il has carried out any difficult task without fail, if it was a demand of the leader and the party, the revolution and the people.

Secretary Kim Chong-il sincerely respects the elder revolutionaries. He does not forget or forsake anybody whom he once trusted.

All the activities of Comrade Kim Chong-il can be characterized in one word by politics of love and trust.

Josef Macheka, chairman of the Harare Regional Committee of the Zimbabwe African National Union-Patriotic Front and member of parliament, said it needs volumes to describe the virtues of His Excellency Kim Chong-il, but one must not forget to mention his great magnanimity and generosity.

"He is possessed of such immeasurable magnanimity and tolerance as generously treating men of multifarious lots with love and trust, warmly embracing them with generosity and magnanimity and setting greater store by future reform than the past wrong and fault," said the chairman.

The Russian paper PATRIOT in an article headlined "In One Body With People" wrote that the politics of Comrade Kim Chong-il is magnanimous politics of embracing the entire people in his bosom and that is why the entire people respect and revere Comrade Kim Chong- il and follow him in Korea.

The Burundi paper UBUMWE carried an article entitled "Comrade Kim Chong-il's Warm Love for People" and the Nepalese paper RISING NEPAL said Comrade Kim Chong-il regards people as his comrades and teachers.

Kim Chong-il's 'Immortal' Exploits Lauded

SK2906102494 Pyongyang KCNA in English 1014 GMT 29 Jun 94

["Immortal Exploit in Establishing World Outlook of Chuche Philosophy"—KCNA headline]

[Text] Pyongyang, June 29 (KCNA)—The dear leader Comrade Kim Chong-il established the world outlook of the chuche philosophy with his energetic ideological and theoretical activities, performing an immortal exploit in making the chuche idea authored by the great leader President Kim Il-song a flawless guiding idea of the age of independence, says NODONG SINMUN today.

The dear leader Comrade Kim Chong-il is quoted as saying:

"The chuche idea is a fully scientific revolutionary doctrine for man's emancipation, primarily because it is based on an outlook on the world that is centred on man."

In a by-lined article, the paper explains the immortal exploit performed by the dear leader in establishing man-centred philosophical outlook on the world.

It says:

First of all, he expounded from a new angle the mission and fundamental question of the philosophical outlook on the world, with man placed in the centre.

With a scientific analysis of the limitation of the preceding theories of the working class, the dear leader said the basic mission of philosophy is to show the way for man to shape his own destiny, thus correctly defining the mission of philosophy from a man-centred point of view.

He also raised the fundamental question of philosophy from a new angle with man placed in the centre. Since the origin of the world had been expounded by materialism, the chuche idea raised the position and role of man in the world as the fundamental question of philosophy.

The dear leader also perfectly expounded the man-centred philosophical principle and the principles of the world outlook.

The philosophical principle that man is the master of everything and decides everything, in other words, man holds the position of master in the world and plays a decisive role in developing the world and shaping his own destiny is the fundamental principle representing the man-centred philosophical outlook on the world.

The world outlook of the chuche philosophy expounded by the dear leader includes not only the man-centred philosophical principle but also the principle of the general characteristics of the world and the principle of the essential features of man.

The dear leader, drawing on the man-centred philosophical principle, also formulated the independent stand and the creative stand as the fundamental stand and method in man's cognitive and practical activities.

The independent stand is the basic stand defined by man's being the master of the world and his own destiny, while the creative stand is the basic method defined by man's playing a decisive role in developing the world and shaping his own destiny.

The independent stand and the creative stand require that everything be viewed as it is and in such a manner as to realise the demand and the interests of man and that everything be viewed in its change and development and from the historical point and be solved positively in reliance on man's creative activity and role.

This shows the independent stand and the creative stand are scientific and revolutionary viewpoint and stand in that they indicate most correctly the fundamental way of shaping man's destiny.

The establishment of the man-centred philosophical outlook on the world laid the foundation of the world outlook for developing and completing the general composition of the revolutionary thought of the working class.

Daily Stresses Technical Innovations

SK2706054894 Pyongyang MINJU CHOSON in Korean 29 May 94 p 2

[Article by Yun Myong-su: "Technical Innovation Is an Important Means To Accomplish Party's Revolutionary Economic Strategies"]

[Text] At present, our people are achieving new innovations on all fronts of socialist construction, upholding the party's revolutionary economic strategies. One of the important questions arising from thoroughly accomplishing the party's revolutionary economic strategies is to vigorously wage the technical innovation movement on a mass scale.

The dear leader Comrade Kim Chong-il has pointed out: "Technical innovation is an important link in the whole chain of accelerating the socialist economic construction. When we develop science and technology, and vigorously wage the technical innovation movement on a mass scale, we can mobilize a great deal of reserves; increase the quality in production and construction; and realize chuche-orientation, modernization, and scientification of the people's economy at a high level."

Technical innovation is an important work to gain new great upsurges in all sectors of socialist construction by actively accelerating the technical revolution, and exhaustively mobilizing and utilizing inner reserves. It is necessary to endlessly bring about technical innovations so as to achieve rapid development in production and construction. In this way, we can successfully solve the scientific and technical questions arising from the socialist economic construction, and brilliantly realize the party's plan for economic construction.

In order to thoroughly accomplish the party's revolutionary economic strategies, it is necessary to concentrate efforts on developing agriculture, light industry, and foreign trade; give solid priority to the coal industry, electric power industry, and railway transport—the preceding sectors of the people's economy; and to continue to develop the metal industry. To this end, it is necessary to endlessly bring about technical innovations by vigorously waging the technical innovation movement on a mass scale. In this way, workers can engage in more and better production and construction with less expenditure of manpower.

Technical innovation is work to help make the labor of workers—the performers of production and construction—easier and more efficient. Therefore, workers themselves should serve as masters and performers of technical innovations. The work to invent new technologies, and to manufacture and introduce new machines is carried out by the wisdom and efforts of the popular masses.

When the popular masses—the performers of socialist construction—actively turn out in the technical innovation movement, we can vigorously accelerate the production and construction, and brilliantly realize the party's long-term plan for economic construction.

Therefore, to bring about technical innovations by vigorously waging the technical innovation movement on a mass scale serves as an important means to thoroughly accomplish the party's revolutionary economic strategies.

Technical innovation serves as an important means to thoroughly accomplish the party's revolutionary economic strategies. This is, above all, because technical innovation helps successfully solve the scientific and technical questions arising from the socialist economic construction.

To successfully solve the scientific and technical questions urgently arising from the socialist economic construction is an important demand to vigorously accelerate the production and construction in conformity with the party's demands.

Today, our party has put forth revolutionary economic strategies, and is demanding that we turn out in the struggle for their realization. In order to decisively increase the agricultural production in conformity with the party's demands, we should follow up the successes achieved in the irrigation and electrification of rural areas, and realize the mechanization and application of chemicals at a high level. To this end, it is necessary to produce more modern farm implements and send them to rural areas, as well as to solve various scientific and technical questions arising from developing rural economy. We should vigorously wage the struggle to invent and introduce modern machines, and mobilize inner reserves with the view of increasing the production and upgrading the quality in the light industry sector. We also should secure new technical means with in order to firmly consolidate the production base for export products in various sectors of the people's economy, and to increasing the production and upgrading the quality of export products. Accordingly, it is necessary to endlessly bring about technical innovations in order to solidify the material and technological foundation of the rural areas; modernize light industry plants; increase the production of export products; give solid priority to coal, electric power, and railway transport; and continue to develop the metal industry. When we vigorously wage the technical innovation movement on a pan-mass scale, we can modernize technical equipment by manufacturing high-efficiency machines, and epochally increase the production by exhaustively mobilizing inner reserves.

Today when science and technology are rapidly developing, in order to decisively increase the production and upgrade the quality, it is necessary to incessantly bring about technical innovations, and to equip all production processes with modern technologies. To this end, it is necessary for the workers, the masters of production, to turn out in the technical innovation movement. When the popular masses' inexhaustible wisdom and creativity are highly displayed, we can successfully solve the vast scientific and technical questions urgently arising from various sectors of the people's economy, including agriculture, light industry, and foreign trade; and decisively increase production. Only when the technicians and workers—the performers of production and the masters of technical development—bring about technical innovations by helping and guiding each other with a high sense of responsibility, can we brilliantly realize the party's plan for economic construction and guarantee the production of more material wealth necessary for the people's food, clothing, and housing.

The No. 3 Ore-Dressing Shop of Komdok was completed only in a year; the construction of the vast-scale Sohae Lockgate, which had been said to be completed in as many as several decades, was completed only in four to five years; and the construction of the Taechon Power Plant, the railway in the northern district, the Chongchun Street, and the grand chemical base in Sunchon was so quickly pushed ahead. This is also because the technical innovation movement has vigorously been waged on a mass scale, and the science and technology have endlessly been developed.

Today, whether we can thoroughly accomplish the party's revolutionary economic strategies depends, after all, upon in what way the functionaries, workers, and technicians solve the urgent scientific and technical questions. Therefore, to vigorously wage the technical innovation movement on a mass scale serves as one of the important guarantees to thoroughly accomplish the party's revolutionary economic strategies.

Technical innovation is an important means to thoroughly accomplish the party's economic strategies. This is also because technical innovation helps further increase the production on the basis of our raw materials, materials, and resources.

Our party's consistent policy is to build and develop the self-supporting economy on the basis of our country's raw materials, materials, and resources. When we build a chuche-oriented and self-reliant economy, we can develop the economy unflinchingly even during any economic upheavals, and guarantee an abundant material and cultural life for the people.

Reflected in the party's revolutionary economic strategies is our party's noble intention to add more luster to our-style socialism centered on the popular masses by consolidating the foundation of the self-reliant economy as firm as a rock and more smoothly guaranteeing the people's life in conformity with the socialist demands. If we are to thoroughly accomplish our party's plans and intentions, we should further develop the production on the basis of our country's raw materials, materials, and resources.

At present, the imperialists and enemies of all kinds are intensifying their maneuverings, further than ever before, to isolate our Republic politically and to stifle [chilsik] it economically. Under these circumstances, so as to successfully attain our party's goals for revolutionary economic strategies and add luster to our-style socialism, it is necessary to strengthen the self-reliance of the economy more than ever before. To this end, we should carry out the entire production on the basis of our country's raw materials, materials, and resources. When we bring about technical innovations, we can introduce more scientific farming method into the agricultural sector; guarantee more production of high-efficiency farm implements, and high-efficiency fertilizers and agricultural chemicals to suit our country's actual conditions; and increase the agricultural production. We can also produce good- quality light-industry products with our country's raw materials and materials, and bring about a turn also in the production of export goods.

Our country's experience in socialist economic construction clearly proves: When functionaries, workers, and technicians pool their wisdom and efforts with their firm consciousness to develop the economy on the basis of their country's raw materials, materials, and resources, they can solve the scientific and technical questions arising from economic development as much as they like.

Therefore, to vigorously wage the technical innovation movement on a mass scale is an important means to thoroughly accomplish the revolutionary economic strategies put forth by our party at the present time.

Today, the reality in which the socialist construction is being consolidated and developed demands that our functionaries, workers, and technicians more actively turn out in the technical innovation movement than ever before.

All functionaries and workers should vigorously turn out in the work for bringing about technical innovation and ingenuity, while regarding the technical innovation not as a simple technical and practical work, but as an important work to brilliantly realize the party's intentions and plans. Therefore, they should successfully solve scientific and technical questions arising from realizing the party's revolutionary economic strategies, and achieve great upswings in production and construction, thereby brilliantly realizing the party's long-term plan for economic construction.

'Upswing' in Chemical Fertilizer Production

SK2906104494 Pyongyang KCNA in English 1022 GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—An upswing in production is being effected at factories under the Ministry of Chemical Industry of Korea.

According to data available at the ministry, the output of chemical fertilizers in the last twenty days was up 38 percent from the same period last year.

The Namhung Youth Chemical Complex increased the production of chemical fertilizers 70 percent in this period. The Hungnam Fertilizer Complex this month has turned out daily larger quantities of chemical fertilizers than the plan by operating the equipment at full capacity. The Sunchon Nitrolime Fertilizer Factory increased the fertilizer production 47 percent in the last 20 days compared with the same period last year by raising the operation rate of equipment and widely introducing advanced work methods.

The Sinhung Chemical Complex produced over 1,000 more tons of agricultural chemicals in the same period.

'Rich Harvest' From Sea Culture Farms Reported

SK2806225794 Pyongyang KCNA in English 1501 GMT 28 Jun 94

[Text] Pyongyang, June 28 (KCNA)—A rich harvest of edible sea weeds is being gathered on the sea culture farms of Korea.

According to data available, the seaweed output at the sea culture stations in the first five months or more of this year was up 20 percent on the same period last year. In this period the output of tangle increased by more than 5,000 tons.

The sea culture stations in South Hamgyong Province chalked up the peak in the production of tangle and undarin hinnatifida per frame through an effective control of sea culture frames. The Sinpo sea culture station has topped its yearly plan by far. The Pupo, Ongjin, Kumipo, Pyonghwa and other sea culture stations in South Hwanghae Province set the goal of surpassing the yearly target for tangle by 3,000 tons this year. They have overfulfilled their monthly assignments and are carrying out their daily plans at 110 percent in this month. The sea culture stations in North Hamgyong Province which hit their May target at 103 percent are reporting a record high in the production of undaria pinnatifida.

A mussel culture is also successful. The Sinpo and Kyongpo sea culture stations have gathered 30 percent more mussels than last year.

There are a good many sea culture stations, sections and workteams in the East and West Seas of Korea. They produce tangle, undaria pinnatifida, laver and mussels in large quantities every year.

20th Anniversary of Relic Preservation Agency

SK2906102094 Pyongyang KCNA in English 1000 GMT 29 Jun 94

[Text] Pyongyang, June 29 (KCNA)—A meeting was held here Tuesday to mark the 20th anniversary of the founding of the Revolutionary Relics Preservation Technical Agency (June 28, 1974).

It was attended by Vice President Pak Song-chol, director of the Party History Institute Kang Sok-sung and officials concerned.

Over the past 20 years, the officials and employees of the agency have taken scientific and technical measures to preserve permanently the mementoes and relics at revolutionary battle sites and historical sites and greatly contributed to the eternal preservation of trees bearing revolutionary slogans through a vigorous technical innovation movement.

The Central Committee of the Workers' Party of Korea sent a congratulatory message to the officials and employees of the agency on the 20th anniversary of its founding, highly praising them for their responsible performance of the revolutionary tasks assigned them by the party with ardent loyalty and devotion to the party and the leader.

Choe Mu-il, general director of the General Bureau of Revolutionary Relics, made a report at the meeting.

South Korea

Reports on 28 Jun Inter-Korean Contact Continue

Yi Hong-ku's 'Keynote Speech'

SK2906000694 Seoul THE KOREA TIMES in English 29 Jun 94 p 2

["Keynote Speech" by Yi Hong-ku, deputy premier and national unification minister, at North-South preliminary contact in South side of Panmunjom on 28 June]

[Text] Today's contact takes place in line with the agreement, in principle, to hold a summit between the highest authorities of both sides without any preconditions and at the earliest possible date.

I believe the summit which South and North Korea are preparing together for will materialize at an early date and help defuse the heightened tensions and resolve all pending inter-Korean issues, serving as a historic occasion to open the gate for national reunification.

In 1992, the South and the North brought into effect the historic documents such as the South-North Basic Agreement, the Joint Declaration for the Denuclearization of the Korean Peninsula and protocol appendixes in relevant fields.

However, the agreements have not been followed by action as time has passed by meaninglessly wasting national resources and strength.

Peace has to be protected and the agreed-upon inter-Korean basic pact and the denuclearization declaration have to be honored and abided by at any cost.

The meeting between the top leaders of both sides itself bears an enormous significance and may be a starting point to bring back a reunified Korea.

I hope that today's contact, as it proceeds on a reciprocal and amicable basis, will cater to the aspirations at home and abroad.

I propose that the summit site be agreed to in accordance with the principle of reciprocity and the date for it is preferred to be the earliest possible.

For an effective proceeding of the summit, it should take place in the form of an exclusive one between the two top leaders.

I also propose that other procedural matters be in line with the past practices of inter-Korean dialogues.

Aide Denies President's Control

SK2906052194 Seoul YONHAP in English 0516 GMT 29 Jun 94

[Text] Seoul, June 29 (YONHAP)—A senior aide denied reports Wednesday that President Kim Yong-sam controlled the preparatory talks at Panmunjom for a Seoul-Pyongyang summit through telephone calls while watching the meeting on closed-circuit television (CCTV).

"The press reports are not true that President Kim Yong-sam watched the preparatory meeting at Panmunjom on a television screen," said the aide. "The presidential office is not equipped with a CCTV system to watch the Panmunjom meeting.

"President Kim just received verbal reports from chief presidential secretary Pak Kwan-yong on the progress of the Panmunjom talks," he said.

Papers Assess Summit Agreement

SK2906095294

[Editorial Report] Seoul vernacular newspapers on 29 June carry articles and editorials in reaction to the ROK-DPRK agreement to hold a presidential summit in Pyongyang on 25-27 July.

The moderate HANGUK ILBO on page 3 carries a 1,500-word editorial entitled "Great Turning Point in the History of Korean Division." Noting the historic significance of an accord to hold "the first-ever North-South meeting," the editorial says "the summit will mark a turning point in mutual relations riddled with hostility for the past five decades." Noting that North Korea did not stick to its initial plans on the date of the meeting, the article notes that the North's flexibility on the date could be viewed as a sign of readiness to have the South side as its future partner to avoid any further isolation.

However, noting failed attempts to set up a summit in the past, the editorial questions whether the summit meeting will bear enough fruit to satisfy the Korean people. The editorial then points out that there are many tangible and intangible obstacles that should be overcome to make the talks a true summit and questions North Korea's true intention behind its determination to hold the summit in Pyongyang. As for signs hinting at a "dark future" for the summit, the paper cites Kim Il-song's circumvention of the issue of whether or not he will visit the ROK; the North side's demand that the two sides should vow to "abstain from any activities that may harm the atmosphere of the summit talks"; and North Korea's attempt to downgrade the summit with President Kim Yong-sam as the meeting with the head of a party by terming the "inter-Korean summit meeting" a "meeting between top-level authorities." The editorial concludes by calling on the government to prepare for the summit talks in a "calm way" without being overly "attached" to it.

The moderate TONG-A ILBO carries on page 3 an 800-word editorial entitled "Things That Need To Be Done by the Two Leaders of North and South." Noting that the North side's promises cannot be guaranteed in light of its practices in the past, the editorial calls on the North side to prove its credibility through actions, such as securing its nuclear transparency, and, for a successful summit, urges the North and South to avoid making rude remarks that may annoy the opposite side. The editorial then notes "the nuclear crisis on the Korean peninsula can never be defused unless suspicion over North Korea's nuclear development dissolves." The editorial concludes that the nuclear question should be the top subject in the summit, followed by other pending issues, including economic exchanges and family reunion.

The conservative CHOSON ILBO on page 2 carries a 900-word article by reporter Kim Hyon-chol entitled "The Background Behind the Summit Accord." The article first points out that the South side made many concessions to the North side, except for holding the summit on 15 August, the day North Korea insisted on to exploit the summit for its unification strategy by holding it simultaneously with a projected pannational rally. The article then notes that even though North Korea showed the willingness to compromise on the date and basic agreements for the summit, it laid a hurdle by "not giving a clear answer on holding a second round of talks in Seoul" and insisting on "inserting a clause in the agreement that both sides will do its best to build up a favorable environment for the summit" which could be interpreted otherwise by the North side. The article then concludes "the summit will be greatly affected by the results of the third round of U.S.-North Korea talks slated for 8 July because it is clear that North Korea regards the North-South dialogue as a subordinate variable in promoting ties with the United States."

The moderate KYONGHYANG SINMUN on page 3 carries a 1,100-word article by Kim Chung-il entitled "The Significance and Prospects for the Inter-Korean Summit Accord." The article begins by welcoming "the historic holding of a summit" and says it is a momentous event that is "an opportunity to open a phase of cooperation and dialogue." The article predicts that the phase of dialogue will be extended over a long time since it stems from North Korea's desperate need to escape from economic breakdown.

Summing up the stances of the North and South toward the summit, the article says that the summit is "a transaction-type summit aimed at securing the system of coexistence and co-prosperity of the North and South" rather than "a political summit for unification." It goes on to say that the summit will mainly discuss the issues pertaining to economic cooperation on the level of "restoring mutual confidence," and avoid a collision between the two sides over knotty issues, such as nuclear inspections, human rights conditions in North Korea, and family reunions.

The article concludes by writing that "however, restoring mutual confidence can only maintain the fire of reconciliation on the Korean peninsula and build the road of reunification."

The pro-government SEOUL SINMUN carries on page 3 a 1,600-word editorial entitled "Finally the North-South Summit Talks Will be Held." The editorial appraises the 28 June North-South contact as a "good sign" providing "an opportunity for clearing up Cold War relations and shifting toward a new direction of reconciliation, trust, cooperation, and reunification." The editorial comments that although we still have to wait and see North Korea's true intention and sincerity, the North-South summit meeting itself will have substantial symbolic and historic significance. The editorial stresses that North Korea's change of attitude and actual practice is the key to building up a basis for mutual trust and reconciliation.

The editorial advises that the ROK Government should meticulously and calmly plan for the summit and be selective in giving priorities to pending issues and that decisions on the issues concerning the interests of the neighboring countries should be made through close coordination.

The editorial stresses that the summit is not a one-time festival and that a dialogue system should be established and maintained.

The editorial warns antidialogue factions not to distort or hinder the North-South summit talks, and urges the opposition party and dissident groups to act with discretion and not to make the summit talks a domestic political issue.

SEOUL SINMUN also carries on page 3 a 1,400-word article by reporter Kim Yong-man on the significance of the North-South summit talks. The article states that the summit is a new milestone in the course of reunification and the first step toward mutual trust that marks the opening of the "coexistence era." To confirm this, the article speculates, President Kim Yong-sam will try to make sure that the North will give up the development of nuclear weapons, and Kim Il-song will want to be assured that the South will not pursue reunification by absorption [hupsu tongil].

The article quotes an analysis by Professor Choe Pyong-gil of Yonsei University that North Korea had to use the nuclear card under the triple fears of the collapse of its establishment, reunification by absorption, and war. The article also notes the possibility that North Korea might cancel the summit at the last moment because it still has the fantasy of reunification by force and has proposed the summit to gain more time to develop nuclear weapons and provide a background for talks with the United States.

The article reports that with the hope that "the physical contact of the two leaders might create mutual trust" and with the confidence that the ROK "can counter any trick by North Korea because the time is on our side," the ROK Government accepted Pyongyang as the venue despite the fact that North Korea might use it for propaganda purposes or later cancel the summit altogether.

The article stresses that the government should seek internal consensus first on major issues, particularly the position on the Korean war. Chongwadae officials say President Kim Yong-sam will mention the war during the summit talks not to hold North Korea responsible, but to "straighten up history."

SEOUL SINMUN also carries on page 3 a 1,600-word article by reporter Yang Sung-hyon on the agenda for the summit talks. The article points out the implementation of the joint declaration on the denuclearization of the Korean peninsula and mutual inspections [sangho sachal] as the most urgent issues and quotes ROK Foreign Minister Han Sung-chu as saying that the two issues are "a must" for the agenda.

The article notes that ensuring the regular continuation of the summit talks is the second task. The article reports that relevant officials observe that President Kim Yong-sam will propose installing a hotline between the two leaders when a basis is provided for regular summit talks.

The article also speculates that President Kim Yong-sam will urge the early compliance with the basic agreement between the North and the South, and that he may present the "gift package" of economic cooperation and funding for light-water reactors if President Kim Il-song shows a sincere attitude toward the family reunion issue.

The article also anticipates discussions on easing tensions, including the replacement of the armistice with a peace treaty, the Team Spirit exercise, the withdrawal of U.S. forces from South Korea, and arms reduction.

On the other hand, the article speculates that North Korea will focus on the issue of reunification through Kim Il-song's "Ten-Point Program on National Reunification" because North Korea's policy is to resolve the nuclear issue, the issue of U.S. forces in South Korea, and the peace treaty issue through talks with the United States.

The left-leaning HANGYORE SINMUN carries on page 3 a 900-word editorial entitled "South and North Korea Reach Agreement on Summit Talks." The editorial welcomes the result of the 28 June contact and gives high expectations for the North-South summit talks while expecting that some obstacles, including the nuclear issue and protocols, will be resolved if the two sides continue to make mutual concessions as done on 28 June.

The editorial expresses disappointment about the fact that North Korea did not promise to hold the second round of summit talks in Seoul and postponed the discussion on the venue until the first round of summit talks. The editorial condemns this as an "inappropriate measure," which makes it suspicious that the second round may not be held, and which may even lay obstacles on the way to a successful summit.

HANGYORE SINMUN also carries on page 3 a 1,500-word article by reporter Chang Chong-su on Chongwadae reaction to the preliminary contact. The article reports that Chongwadae was relieved by the positive outcome of the preliminary contact and immediately went into discussions on strategies for the summit.

The article reports that a relevant Chongwadae official was optimistic about the second round of summit talks saying "Judging from North Korea's sincerity in holding the summit talks, North Korea would eventually agree to hold the second round of summit talks in Seoul," and the possibility is even higher if positive results are accomplished during the third round of North Korea-U.S. talks.

The article reports that Chongwadae is preparing details on the agenda, security, and protocol and that President Kim Yong-sam is studying Kim Il-song's dialogue style through video tapes. The article also reports that Chongwadae will collect the opinions of domestic leaders of various sectors and coordinate with neighboring countries to prevent any misunderstandings.

Yun Yo-chun Named Head Negotiator for 2d Contact

SK2906053594 Seoul YONHAP in English 0520 GMT 29 Jun 94

[Text] Seoul, June 29 (YONHAP)—The government has decided to name Yun Yo-chun, a special assistant to the prime minister, to head the Seoul-side delegation to the July 1 working-level contact for procedural matters related to the inter-Korean summit, informed sources said Wednesday.

Yun is expected to be assisted by the National Unification Board's Unification Policy Office Director, Ku Pon-tae, and Assistant to the Prime Minister Om Ik-chun.

Commentary on Upcoming Summit Meeting Reported

Protocol Problems Highlighted

SK2906062594 Seoul YONHAP in English 0615 GMT 29 Jun 94

[Report by Yi Tong-min]

[Text] Seoul, June 29 (YONHAP)—Are South and North Korea one state or two, do we display our national flags and play our national anthems, shall we take our own cars since it's only a three-hour drive, and who pays the bills?

These are the questions that protocol officers must ask and find answers to as they arrange a summit like no other.

Entrusted with this delicate operation is the Foreign Ministry, which will be in charge of protocol for the July 25-27 summit between South Korean President Kim Yong-sam and his North Korean counterpart Kim Il-song.

"This will be a hard one," said the Ministry's protocol director Paek Yong-sun, who has orchestrated tens of summits with leading world figures.

"The entire Korean population will be watching our every move. We don't want to make any mistakes that might give the wrong impression," Paek said the morning after the summit dates were fixed late Tuesday.

Indeed, public impressions are no small matter when it comes to inter-Korean affairs. Other working-level officials involved in the protocol department say they will have to be ultra-sensitive to avoid making it seem like Kim Yong-sam is on the begging side.

This would include, no matter how trivial it might seem, extra care in handling who bows lower when shaking hands, and whether Kim Il-song will personally come to Kim Yong-sam's arrival point to greet him or simply wait at his palace.

The protocol team has extremely serious technical problems to address, let alone such emotional factors.

The hoisting of national flags and playing of national anthems at summits between nations are like salt and pepper at dinner—the most basic items on the table—as is the gun salute at welcoming ceremonies.

Flags are flown at the lodging place of the visiting president, out in front of the cars and at conference tables. Anthems are played during the welcoming ceremony and usually during official dinners.

"But do we recognize South and North Korea as independent nations? Since we don't, what do we do about the flags and the anthems?" said Paek.

Another interesting possibility involves President Kim taking his own car to North Korea, crossing the ominously named "bridge of no return" dividing the two Koreas.

"We never thought about this because we had to travel by plane to all other nations. But it's different this time," Paek noted.

Russia and the United States, for instance, make it a rule to take their own automobiles—even across the ocean.

Then there is the question of bills. Seoul has its own eight sets of rules about how much of the cost it will shoulder, depending on whether it's the president, prime minister or foreign minister, and whether it's an official or working visit.

With nowhere else to look for precedents, Ministry officials researched the case of East and West Germany, two previously separate states that also did not recognize each other's independence until the early 1980s.

"Protocol emerged as the most serious problem for the German summit," he said. "Officials had to meet five times to work on it before the summit."

And bear in mind that the German leaders did not sleep over.

The protocol team here has less than a month to settle every little detail, a hard task since there is no resident office in Pyongyang at which to do the work on site, unlike other cases where South Korea usually operates a mission.

This forces the advance team to be meticulous in ensuring there are no last-minute mix-ups and changes. Officials are already saying that the advance team may need to go to Pyongyang more than once and include more people than the usual 12 to 17.

Complicating their job is the lack of a guarantee that the North Korean side will follow all the agreed terms to a tee. The host country can always ignore the agreement and, in fact, "This has happened before," says Paek.

Protocol for previous inter-Korean visits, such as between prime ministers, was left up wholly to the host side. The other side followed the precedents right down to every detail.

"We have rules, but they are overruled by one principle—that is reciprocity. Basically, we do what they do and don't do what they don't do," says Paek.

IAEA 'Hopeful' Regarding Talks

SK2806225594 Seoul KBS-1 Radio Network in Korean 2200 GMT 28 Jun 94

[Report by Cha Man-sun from Vienna]

[Text] The International Atomic Energy Agency [IAEA] is showing a hopeful response that a South-North cooperative atmosphere can be created as soon as possible to settle denuclearization on the Korean peninsula on the occasion of the upcoming South-North summit talks slated for next month.

The IAEA is refraining from making an official comment on the South-North summit talks, but a high-ranking official welcomed the fact that the South and North agreed to hold the summit talks on 25 July and viewed that the South-North summit talks will greatly contribute to resolving the North Korean nuclear issue.

In particular, this official pointed out that denuclearization on the Korean peninsula can be settled through mutual trust and cooperation between the South and North, and expressed the hope that through the South-North summit talks, a decisive breakthrough can be provided in resolving the nuclear issue so that South-North mutual cooperation and an atmosphere of trust to settle denuclearization on the Korean peninsula can be fostered.

Editorial 'Discontented' With Venue

SK2906040494 Seoul CHOSON ILBO in Korean 29 Jun 94 p 3

[Editorial: "Will the Talks Progress as the North Side Intends?"]

[Text] It has been reported that an agreement was reached to hold the first South-North summit talks in Pyongyang from 25 to 27 July. We are very discontented with this fact: Contrary to our side's opposition, an agreement was reached to hold the talks in Pyongyang. In accordance with international practices and the principle of reciprocity, it should have been decided that the second summit talks be held in Seoul. This notwithstanding, there was no agreement on this.

It seems that everything is proceeding in conformity with the North side's intentions. Considering that the North passed the buck concerning holding the second talks in Seoul, we can clearly see through their ulterior motive to wipe their mouths after devouring the fruit regarding President Kim Yong-sam's visit to Pyongyang.

It is not understandable why the government only attaches importance to the date for the South-North summit talks, while carelessly considering the venue for the talks. Pyongyang is not a suitable venue for the South-North summit talks, because, above all, of Kim Il-song's perception of the South Korean Government. He thinks the 15 August national liberation was achieved by his own anti-Japanese guerrilla battles and that South

Korea still remains an unliberated district due to occupation by U.S. Forces. On this premise, he thinks the South Korean Government should disappear with the withdrawal of U.S. Forces.

In this regard, if President Kim Yong-sam goes to Pyongyang first, they will regard, and publicize accordingly, his visit as visiting to "have an audience with the Kim dynasty." We cannot forget the fact that after the joint statement of the South and North on 4 July 1992 for the first South-North Red Cross talks held in Pyongyang, the North Korean side praised Kim Il-song as "the sun of the 50 million countrymen" and clamored that the first talks had been held in "our time-honored capital city of Pyongyang." It is ominous that the North side's delegate Kim Yong-sun hinted that the North has legitimacy, while unusually mentioning King Tangun [legendary founder of the Ancient Choson Kingdom].

It is inevitable for President Kim Yong-sam—if he goes to Pyongyang—to move about in conformity with the stage set by the North side. While being insensitive to diplomatic etiquette, the North is skillful in artifices of ensnaring the other side. Therefore, we can fully guess that the North will try to gain the maximum propaganda effect in terms of the outward appearance of the talks. It is said that the structure of "the Presidential Palace," where Kim Il-song will meet President Kim Yong-sam, was designed to downgrade the prestige of the other side.

President Kim Yong-sam may have the notion that if any substantial results can be expected from the South-North summit talks, there is no need to be scrupulous about the date and venue. If the North regards the South-North talks as "top-level talks," rather than summit talks; and if it thinks Kim Il-song is meeting with the most responsible person of the present ruling force—regarding it as one of the social organizations in South Korea—it is not likely that such talks will bear results. On the contrary, the talks will be used badly by the pannational rally which will be held on the occasion of the 15 August national liberation day.

Therefore, the date is not the only important matter in the South-North summit talks. The venue is more important, as well as the protocol procedure. We do not say this to stress that only our position is important in terms of the date, venue, and protocol procedure for the South-North summit talks. We just think of fair-mindedness. Genuine results are possible when one approaches everything in a fair-minded fashion. It is worthwhile to refer to the example of East and West Germany, which avoided their respective capitals as a venue for summit talks.

Government Prepares for Talks

SK2906054494 Seoul YONHAP in English 0539 GMT 29 Jun 94

[Text] Seoul, June 29 (YONHAP)—The government has begun preparing for the inter-Korean summit talks in Pyongyang on July 25, with the emphasis placed on devising mechanisms to improve South-North relations.

The government measures to be proposed by President Kim Yong-sam at the summit include reconfirmation of agreements already signed to firm up the basis for peaceful coexistence and sincere implementation of these accords.

At the same time, the government is likely to propose the resumption of four joint committees—reconciliation, military, economy, social and cultural—which were formed under the 1992 South-North basic agreement together with the full-scale reactivation of the Joint Nuclear Control Commission under the joint declaration on the denuclearization of the Korean peninsula.

Seoul will also push for inter-Korean summits to be held at regular intervals and for the installation of hot lines between the two sides' heads of state and military authorities concerned.

In addition, the government has already begun a comprehensive study on expanding South-North economic cooperation and exchanging letters and mutual visits by separated families.

A government official said Tuesday the summit will not place restrictions on any specific subject. "They will cover all pending issues comprehensively between the South and North," he said.

As to the summit's working procedures, the government will seek one-on-one talks between the leaders without any attendants and plans to send an advance party of protocol officials and security guards as early as possible.

Strategic Planning Meeting Held

SK2906041094 Seoul KBS-1 Radio Network in Korean 0310 GMT 29 Jun 94

[Text] The government embarked on preparatory work for the inter-Korean summit meeting on a full scale. On 29 June the government held a strategic planning meeting and put the finishing touches on our side's motions to be presented at a working-level contact slated for 1 July.

Kim Chong-chin has more from the National Unification Ministry:

[Begin Kim Chong-chin recording] With the settlement of the date and place for the summit, the government began preparations for the summit by convening a strategic planning meeting at the office of the North-South talks in Samchongdong, Seoul.

In today's meeting the government discussed in detail and mapped out the position that working-level talks for the summit should be in the form of exclusive talks without any attendants and that an advance team in charge of protocol and security should be dispatched at the earliest possible date. The government, in particular, decided to fix the scale and members of the delegation after close consultations with the ministries concerned.

The government reiterated its basic stance that our side, at the working-level contact, will reaffirm the agreements already reached between the two sides and will call for a sincere implementation of the agreements to lay a firm foundation for the peaceful co-existence of the North and South. [end Kim recording]

Foreign Minister Interviewed on Current Affairs

BR2906121294 Paris LE FIGARO in French 29 Jun 94 p 5

[Interview with South Korean Foreign Minister Han Sung-chu by Jean-Jacques Mevel in Seoul on 28 June: "Korea: The South's Money To Help the North"—first paragraph is LE FIGARO introduction]

[Text] Seoul—South Korea is prepared to give financial assistance to Kim Il-song's regime if it wishes to emerge from its isolation, South Korean Foreign Minister Han Sung-chu said yesterday to LE FIGARO. If the negotiations with Pyongyang are conclusive, Seoul "certainly does not rule out" the possibility of participating in the transformation of the North's nuclear industry, the minister said. The United States recently made it known that it was seeking partners to install and finance a "light water" reactor in North Korea, which cannot readily be used for military purposes, and which would cost more than 10 billion francs.

[Mevel] Two weeks ago, North Korea was in the throes of nuclear blackmail against the South. Today, in front of the cameras, everybody is shaking hands in Panmunjom. Is there not reason to be skeptical?

[Han Sung-chu] Indeed, it is better to be cautious. But there has nonetheless been a change of course. There has been a move from a certain collision course to a possible discussion. With North Korea, there had hitherto been a regular cycle: a long dialogue followed by a confrontation. Today, the ball is in the North Korean leaders' court: Do they want more security, both strategic and economic? They can obtain it, in exchange for complete nuclear openness. This time, the difference is that the dialogue phase which has just opened will be shorter.

[Mevel] Does that mean that the carrot will be followed by the stick?

[Han Sung-chu] We hope that the usual cycle will not be repeated. But, if all methods, all efforts to solve the nuclear problem are exhausted, then we will not be able to continue with the same method...

[Mevel] From 25 to 27 July, Kim Yong-sam and Kim Il-song are due to meet in Pyongyang. What are South Korea's priorities?

[Han Sung-chu] The agenda is open. North Korea will not be able to avoid two issues: The security of the peninsula and the improvement in the climate between the two Koreas.

[Mevel] Some people say that the Kim Il-song regime has already obtained what it wanted: the suspension of international sanctions and the start of international recognition. Is there nothing but promises on the North Korean side?

[Han Sung-chu] Pyongyang has gone beyond the status quo. North Korea has effectively frozen the essential elements of its nuclear program. It has succeeded in obtaining the suspension of the sanctions, but that was bound to be provisional. If it wishes to break the isolation, the main obstacle is still the nuclear problem.

[Mevel] With the North Koreans, there will be two virtually parallel negotiations: One in Geneva with the United States, from 8 July; the other in Pyongyang, from 25 July. What could you propose which the United States has not already offered?

[Han Sung-chu] We can help the North establish links with the outside world. We can also support it in practical projects, in the energy sphere, for instance....

[Mevel] The United States is seeking partners to supply, and especially finance, less dangerous nuclear technology for North Korea. Is your country not an ideal candidate?

[Han Sung-chu] It is not a question which one country alone can settle. But we certainly do not rule it out.

[Mevel] By negotiating at two tables at the same time, will the North's diplomats be tempted to drive a wedge between you and the United States. Could a U.S. military withdrawal from the South be an issue?

[Han Sung-chu] Pyongyang will probably try its chance. But that will not work. The withdrawal of the American troops is one of Kim Il-song's objectives in the medium or long term. But, even in his mind, it is not linked to the immediate nuclear problem.

[Mevel] But in Geneva, as in Pyongyang, the medium term will also be discussed....

[Han Sung-chu] A withdrawal of U.S. troops from South Korea will not be on the agenda. Neither Washington nor Seoul is envisaging this option.

[Mevel] What was China's influence in the change of tone perceived in Pyongyang?

[Han Sung-chu] It made North Korea understand that the outside world would regard the situation with gravity. China also made it clearly known (to Pyongyang—LE FIGARO editor's note) that it wants a Korean peninsula free from any nuclear weapons.

[Mevel] So, Beijing acted in a decisive way?

[Han Sung-chu] I do not know the details. What I do know is that China played a constructive role.

[Mevel] And Japan?

[Han Sung-chu] Japan has worked with us. It is a country which will also be very involved, eventually, particularly in the economic sphere.

[Mevel] If the dialogue fails, are you afraid that the region might become involved in an arms race? The Japanese prime minister recently hinted at that, even for his own country....

[Han Sung-chu] I do not want to mention Japan in particular. Calling into question the nuclear Nonproliferation Treaty would obviously mean a danger of proliferation in the region, but also in the rest of the world.

North Stops Criticizing President at Truce Line

SK2906064394 Seoul YONHAP in English 0625 GMT 29 Jun 94

[Text] Seoul, June 29 (YONHAP)—North Korea stopped criticizing South Korean President Kim Yong-sam through broadcasts to the South at the truce line from 5:00 P.M. Tuesday, shortly before the agreement on an inter-Korean summit was announced.

The Defense Ministry said Wednesday at its regular press briefing on North Korea that Pyongyang, which had continued to denounce President Kim at the truce line through loudspeakers directed toward South Korean Army units stationed nearby, suddenly stopped the bluster against Kim Tuesday.

In the meantime, the Ministry said, the North Korean Central Broadcasting station put on the air the keynote speech by their chief delegate, Kim Yong-sun, at the preliminary contact for the inter-Korean summit at 10:52 A.M. Tuesday and reported the agreement on holding the summit at 9:30 P.M.

The broadcasting station, however, continued to instigate the South Korean people, saying the South should stop oppressing railway and subway workers in a violent manner and accept their demands immediately.

The North Korean radio was said to have added, "The struggle against ratification of the Uruguay Round accord is continuing strongly in South Korea, taking the opportunity of the convocation of the 160th special session of the National Assembly."

South and North Korea agreed at a preparatory contact Tuesday to hold the first inter-Korean summit in Pyongyang from July 25-27.

Government To Add to Inter-Korean Trade Fund

SK2906122494 Seoul YONHAP in English 0903 GMT 29 Jun 94

[Text] Seoul, June 29 (YONHAP)—The Seoul Government has decided to use the South-North Korean exchanges and cooperation fund in pursuing economic ties with Pyongyang and to treat deals with the North as local transactions, officials said Wednesday.

The fund, currently standing at 115.2 billion won, will be increased by 40 billion won this year, the officials said.

The government plans to raise the fund to 300 billion won by the end of 1997, according to the officials.

A government review decided that trade deals with North Korea should be regarded as domestic transactions and thus should not be supported by Seoul's Economic Development and Cooperation Fund (EDCF), set aside solely for providing assistance to foreign states, they said.

Japan Asked To Prevent Attacks on Students

SK2706011794 Seoul THE KOREA TIMES in English 27 Jun 94 p 2

[Text] South Korea asked Japan to take steps to prevent attacks on female students belonging to the pro-Pyongyang residents organization in Japan, Chongnyon it was learned yesterday.

A 14-year-old schoolgirl, beaten by a man in Yokohama Friday, is the latest victim in the growing number of Japan's North Korean community to be attacked or harassed since an international crisis erupted over Pyongyang's suspected nuclear weapons program.

An informed source said that the government expressed regrets over the string of brutalities early this month when Japanese Foreign Minister Koji Kakizawa visited Seoul.

The government pointed out that such brutal incidents are not "appropriate from humanitarian considerations and run the risk of misleading the North Korean nuclear controversy," the source said.

The government's request is seen as a fresh approach to the issue from a judgment that the attacks are a problem facing the whole Korean community in Japan.

Similar attacks have been reported in the past when anti-North Korean sentiment surged in Japan for various reasons.

National Assembly Elects New Speaker, Chairmen

SK2806110794 Seoul YONHAP in English 1013 GMT 28 Jun 94

[Text] Seoul, June 28 (YONHAP)—The National Assembly has a new line-up after the speaker, vice speakers and standing committee chairmen were selected Tuesday.

In a secret vote at the plenary session, Rep. Hwang Nak-chu of the ruling Democratic Liberal Party (DLP) was elected speaker to succeed Rep. Yi Man-sop, while Reps. Yi Chun-ku of the DLP and Rep. Hong Yong-ki of the opposition Democratic Party (DP) were chosen vice speakers.

A stir arose over the vote for speaker as 95 lawmakers supported the retiring Yi despite the ruling DLP's earlier decision to nominate Rep. Hwang, who garnered 174 votes. Opposition lawmakers seemed to have banded together to vote against the new speaker.

At the plenary session later in the day, 17 standing committee chairmen and two special committee chairmen were selected; Yi Han-tong for house steering; Pak Hui-tae for legislation and judiciary; Na Ung-pae for foreign affairs and national unification; Kim Ki-pae for home affairs; Sim Chong-ku for finance; Hwang Myong-su for national defense; Sin Kyong-sik for education, sports and youth; Yang Chang-sik for agriculture, forestry and fisheries; Pak Chae-hong for transportation; Yi Song-ho for construction; Sin Sang-u for culture and information; Kim Tok-kyu for administration; Yi Yong-kwon for education; Cho Sun-sung for trade, industry and energy; Pak Sang-chun for health and social affairs; Hong Sa-tok for labor and environment; and Chang Kyong-u for communications and science.

Rep. Yi Chong-kun was named to head the newly installed special committee on ethics and the DP's only female lawmaker, Yi U-chong, was selected to chair the special committee on women.

With the completion of the parliamentary line-up, the assembly will receive a state report on national affairs from Prime Minister Yi Yong-tok Wednesday, followed by speeches from the heads of the DLP and DP on Thursday and Friday, respectively.

Further Reports, Comments on Strikes Situation

SMSC Official on Operations

SK2906010194 Seoul THE KOREA HERALD in English 29 Jun 94 p 3

[By staff reporter Yi Kap-su]

[Text] Nearly 70 percent of striking unionists at the Seoul Metropolitan Subway Corporation (SMSC) returned to work by the deadline of 4 p.m. yesterday, an official at the SMSC said expressing high hopes for an earlier than expected normalization of subway operations.

In all, 5,852 out of the total 8,724 employees were back at work, but the rate involving subway train operators remained low at 41 percent, the official said, adding that a figure of 50 percent of operators returning to work could lead to normal subway services.

The SMSC expects the number of unionists who will report back to work to increase today, while the ongoing five-day strike is weakening.

Reduced operations are likely to continue today, the official said, pledging the corporation's efforts to normalize subway network as soon as possible.

As Seoul subway operations were partially crippled owing to the five-day-long strike by subway workers, commuters were forced to experience the worst-ever traffic war in the metropolitan city yesterday.

The SMSC shortened the operation schedule of subway trains on the No. 2 and 3 lines by two hours and 30 minutes and operated from 6:00 a.m. to 10:00 p.m.

The interval between subway trains running in Seoul also increased from the usual 2.5-5 minutes to 6-10 minutes, resulting in chaos, especially during the morning rush hours.

In particular, traffic congestion was aggravated further around 7:00 a.m. as citizens rushed to catch subway trains right after watching the live television broadcast of the World Cup soccer game between South Korea and Germany.

Angered by the delays and the jampacked trains, some citizens fiercely criticized SMSC officials and even stopped a train from leaving Sadang Station in southern Seoul for about 15 minutes.

Nineteen passengers, including Yi Min-suk, a 29-year-old pregnant woman in Seoul, and Hwang Chu-yon, a clerk at a Seoul-based department store, who were on board an electric rail train which had stopped at the station around 8:40 a.m., were injured in the jampacked train and sent to a nearby hospital for emergency treatment, witnesses said.

Another 50 commuters aboard the train bound for Chamsil Olympic Stadium also suffered slight bruising when the train stopped suddenly.

The situation was similar in most stations in the metropolitan city, including Sindorim, Tongdaemun and Chungmuro where the No. 2 and 3 subway lines cover.

Because of the traffic nightmare, a number of students, civil servants and office workers commuting by subway trains in Seoul were late for school or work.

In a related development, SMSC president Han Chin-hui warned that some 240 striking workers, including key figures of the labor union, would face heavy disciplinary measures, including dismissal.

Meanwhile, the SMSC union said yesterday it will stop the five-day-old strike if the government releases arrested locomotive engineers and subway workers, dismiss Minister of Home Affairs Choe Hyong-u, and abolish the 3 percent wage increase, an informal guideline set by the government to dampen inflation.

With almost all striking locomotive engineers reporting back to work, railroad services in the country were returning to normal yesterday.

Operations of freight trains across the country returned to normal and the frequency of passenger trains stood at around 70 percent of normal operation yesterday.

As of yesterday, 6,186 railroad workers or 94.5 percent of the total strikers belonging to Chonkihyop [The National Council of Locomotive Engineers], an unauthorized group of locomotive engineers and mechanics at the Korean National Railroad (KNR), reported to work.

In the meantime, Choe Hun, administrator of the state-run KNR, said the KNR will relieve 354 striking railroad workers who refused to turn up for work by 10:00 a.m. Monday.

SMSC Declines Collective Bargaining

SK2906031094 Seoul YONHAP in English 0257 GMT 29 Jun 94

[Text] Seoul, June 29 (YONHAP)—Railway transportation, both passenger and cargo, reached 87 percent of normalcy Wednesday, just a week after locomotive engineers staged a walkout, according to the Korean National Railroad (KNR).

On railroads linked to Seoul subways, train runs increased to 83 percent of the pre-strike level, with intervals between runs shortened to five to 15 minutes during rush hours.

Express train runs on trunk lines achieved the pre-strike level, while cargo trains carrying coal and other goods reached normalcy in addition to runs for containers, oil and cement which returned to normal Tuesday.

The KNR said locomotive and assistant engineers who had returned to work by Tuesday evening accounted for 98 percent of the 5,060 strikers. Of these, 4,900 or 93.5 percent were operating trains Wednesday.

The KNR said it had sacked 638 strikers, including 185 referred to the police for investigation into their roles in the strike.

Seoul subway operations are expected to return to normal Thursday, as 6,335 workers or 73 percent of the total 8,724 strikers had reported to work as of 8:00 a.m. Wednesday.

The returning workers will increase to over 90 percent as striking train engineers plan to return in groups after meetings at their offices Wednesday afternoon.

The Seoul Metropolitan Subway Corp. [SMSC] said normalized subway operations may be delayed by one or two days because of train repair and maintenance work left undone during the strike.

On line two, which witnessed the worst traffic congestion Tuesday since the strike started last week, train intervals were shortened to 4.5 minutes during the morning rush hours of 7:00 To 9:00 Wednesday.

Intervals were normalized on line one but continued to be an extended six minutes on line three, while lines two and three reduced daily operating hours by two and a half hours, running until 10:00 P.M. as on Tuesday.

On Tuesday night, the striking workers sent a letter to the Seoul Metropolitan Subway Corp. proposing to resume collective bargaining on wage hikes, but the corporation turned down the offer on the ground that the central labor committee had decided on arbitration in the dispute.

Subways To Resume Normalcy 1 Jul

SK2906111094 Seoul YONHAP in English 1028 GMT 29 Jun 94

[Text] Seoul, June 29 (YONHAP)—Seoul subways, partially crippled by strikes, will return to normal operation beginning July 1, the Seoul Subway Corp. said on Wednesday.

A Corp. official said most of striking workers have returned to work. "But, we will make safety checks for a couple of days before we go into normal operation," he said.

This means Seoul subways will run for reduced hours and at longer intervals on Thursday, too.

As of 4 PM Wednesday 6,905 subway workers or 79 percent of the total had returned to work, said the official adding, "we expect those who report to work would exceed 90 percent on Thursday," the official added.

Brunei, Malaysia & Singpore

Malaysia

Minister Views New U.S. Defense Partnership

BK2906075994 Kuala Lumpur BERNAMA in English 0253 GMT 29 Jun 94

[Text] Washington, June 29 (OANA/BERNAMA)—The United States looks favourably at the prospect of forging a new defence partnership with Malaysia based on access to sophisticated technology, technology transfer, exchange of information and joint military exercises rather than maintaining its physical presence in the region.

Malaysian Defence Minister Najib Tun Abdul Razak said here Tuesday after a meeting with his U.S. counterpart, Defence Secretary William Perry, that he believed of a very good scope for U.S.-Malaysia defence relationship and expected it to grow stronger in the years to come based on the new realities of the region, particularly in Southeast Asia.

...A stronger Malaysia and a stronger ASEAN means that we'll be in a better position to guarantee the security of not only the Association of Southeast Asian Nations countries but the region as a whole.

As far as the Asia-Pacific region is concerned, America is still looking towards maintaining a strong presence in Japan and Korea. But as far as our region is concerned they're happy with the present arrangement...bearing in mind the U.S. budgetary constraints, he said on wrapping up his nine-day visit to the U.S. which has taken him to New York, Philadelphia, St. Louis and Washington.

Earlier, Najib was given a ceremonial welcome by American military service men at the Pentagon with a 19-gun salute, and a moving rendition of the Malaysian national anthem Negara Ku [My country] as well as the U.S' national anthem, The Star Spangled Banner by a U.S. army band.

Islamic Center Chief on Al-Arqam Movement

BK2806141994 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 28 Jun 94

[Text] The authorities should cooperate with the Islamic Center in countering the teachings of the Al-Arqam Movement. Islamic Center Chief Director Haji Zainal Abidin Abdul Kadir said the Al-Arqam Movement's teachings not only deviate from the basic pillars of Islam but also promote militancy and fanaticism, which threaten national security. He was speaking to reporters after inaugurating [words indistinct] at the Islamic Center. He said the Islamic Center was ready to hold discussions with Ashari Mohamed, the leader of the group, and had even invited him to do so several times. Ashari rejected the invitations, however, and instead asked his deputy to meet with Islamic Center officials.

Singapore

Chief of Defense Forces, Officers Promoted

BK2806145594 Singapore Singapore Broadcasting Corporation in English 1400 GMT 28 Jun 94

[Text] Singapore's chief of Defense Force, Major General Ng Jui Ping, has been promoted to the rank of lieutenant general. Defense Minister Dr. Yeo Ning Hong presented certificates of promotion this evening to Gen. Ng and officers promoted to the ranks of lieutenant colonel and above. The chief of Army, Brig. Gen. Lim Neo Chian, and the chief of Air Force, Brig. Gen. Bey Soo Khiang, will be promoted to the rank of major general. The promotion takes effect on Friday.

Cambodia

Chea Sim Marks CPP Anniversary

BK2806134694 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 28 Jun 94

[Speech by Chea Sim, acting head of state and chairman of National Assembly and of the Cambodian People's Party Central committee, at a ceremony to mark the party's 43d founding anniversary held on 28 June at the party's office in Phnom Penh—recorded]

[Text] My respects to the Supreme Patriarchs and all venerable monks; my respects to all beloved samdechs, princes, excellencies, ladies, and gentlemen; my respects to their excellencies representing the embassies and international organizations; my respects to all beloved and distinguished guests:

This is an auspicious day for us to get together to mark the 43d founding anniversary of the Cambodian People's Party [CPP], at a time when our beloved land of Angkor is entering a new historic period. This is a period where the CPP and the various political forces pledge jointly and resolutely to defend their independence, sovereignty, and territorial integrity and rebuild Cambodia toward a glorious future. At the same time, the Cambodian people nationwide and the international community have paid and are paying keen attention to the efforts of the government of the Kingdom of Cambodia, as it braves all big and small obstacles in all areas, political, military, public order, economic, and social affairs, to rebuild Cambodia.

On this excellent occasion, on behalf of the CPP, I would like to extend best wishes to His Majesty Norodom Sihanouk Varaman. May His Majesty recover from illness quickly so as to speedily return to the motherland and may he enjoy a long life of over 100 years so as to continue being the cool shade for his children, grand children, and great-grandchildren. May Her Majesty Queen Norodom Monineat Sihanouk enjoy the five blessings of Lord Buddha on her 58th birthday.

Also from this podium, I would like to most sincerely thank all venerable monks, CPP members, and beloved compatriots for all their sacrifices for the cause of the nation and people. At the same time, I bow my head in homage to the souls of millions of our people who lost their lives in a most pitiful manner under the genocidal regime and to the souls of those killed in preventing the return of this regime. May all those souls rest in peace. I also beg those souls to help the Cambodian people in their efforts for peace and survival.

Beloved samdechs, princes, excellencies, ladies, and gentlemen, in the past 43 years, the CPP has valiantly gone through historic stages of struggle and a thousand and one difficulties and achieved many big victories in Cambodian history.

Looking back on CPP's record, all of us will never forget that from the day it was born to the present, the CPP has always adhered firmly to its ideals of standing with the people, sharing their weal and woe, and maintaining close links with them in all circumstances in order to serve the supreme interest of the people and nation, and defend national independence, territorial integrity, and culture.

For example, for three years, eight months, and 20 days the country was plunged in the peril caused by the Pol Pot genocidal regime—the most cruel and barbarous in the history of Cambodia and mankind. During this time, the CPP was the only party that dared to rise up and struggle and make lofty sacrifices against this wicked regime by leading the great united movement of the entire national forces in the rank of the Kampuchean National United Front for National Salvation, and to topple it on 7 January 1979m, ushering in a new era of independence, freedom, and democracy.

In the past 14 years, 1979-93, the CPP has continued to lead the movement to defend and build the country bare-handedly. While preventing the return of the genocidal regime, our party has proceeded with the restoration of the country from the heaps of ashes left by the genocidal regime, and thus enabling our country to revive gradually. The history of our Cambodian nation has recorded the big achievements of our CPP of the past over a decade, that is:

1. It has rescued our motherland and people from the genocidal peril and prevented the return of this wicked regime.

2. It has enabled our national society to revive and develop in all fields with national independence and sovereignty.

3. It has brought back and enhanced the people's democratic rights and freedoms and the nation's honor, pride, and prestige lost during the Pol Pot regime.

4. It is the decisive factor bringing about national reunification and peace to the motherland and people.

For example, since 1987, while inciting the movement for national defense and construction, the CPP has actively implemented, through several negotiating forums, its national reunification policy with the sincere assistance of the international community and the contribution of various Cambodian parties, particularly its successive concessions, until the Paris Agreements were signed on 23 October 1991.

In implementing the Paris accords, our CPP braved many tense and complex situations and closely cooperated with the United Nations and the various political parties to enable the process to succeed. After the elections, the CPP continued to implement everything strictly by putting aside some of the problems that arose out of the elections. This was in cooperation with the political parties which won seats in the National Assembly, until a democratic constitution was drafted as the foundation for national reunification, democracy, and national development in the future.

Now, our country has a coalition government formed between our CPP and the FUNCINPEC [National United Front for an Independent, Neutral Peaceful, and Cooperative Cambodia] Party and the Buddhist Liberal Democratic Party [BLDP]. This is the legal and internationally recognized Royal Government that responds to the sacred interest of the nation and people.

All in all, in its historic mission, the CPP has learned from its valuable experiences. The CPP has a correct leadership line which is neither left or right, but which is mainly in keeping with the realities of the country, the people's aspiration, and the world trend of each period.

The CPP always has close links with the people and shares their weal and woe for the supreme interest of the nation and people. The CPP forever upholds the front's banner to rally the national union and all patriotic forces, regardless of their past, to jointly build the country. The CPP firmly adheres to the genuine patriotism, maintains close links with the broad international solidarity, and wishes to have good ties with all countries for the cause of peace, stability, and cooperation on the basis of peaceful coexistence. The CPP always remembers and inscribes in history the support and assistance given by the fraternal parties and peoples and friends near and far to the Cambodian people in their just and correct struggle.

Beloved samdech, princes, excellencies, ladies, and gentlemen, the present mission of the CPP is to join various political forces in Cambodia to bring about national reconciliation, to consolidate political stability, and build a liberal democracy in line with the Constitution of the Kingdom of Cambodia [KoC], which will serve as a firm foundation for national reconstruction and development. In this connection, the CPP continues to maintain and expand its alliance with the FUNCINPEC headed by Prince Krompreah Norodom Ranariddh, that serves as the core of national unity and social stability to mobilize the combined forces of the entire nation against all complex problems, to move toward successfully implementing the Royal Government's political program.

But the threat of the genocidal regime's return still exists. The Khmer Rouge, which has refused to implement the Paris Agreement and rejected the present legal Royal Government is continuing with its destructive activities against the innocent, harming them and their property and wrecking national property.

Recently, the Royal Government had displayed its goodwill by taking part in the roundtable negotiations with the Khmer Rouge held under the king's advice and the lofty chairmanship of His Majesty Norodom Sihanouk Varaman, king of the Kingdom of Cambodia, to urgently seek an unconditional and permanent cease-fire in the land of the Kingdom of Cambodia. But the two roundtable negotiations have failed due to the preconditions set by the Khmer Rouge.

At the same time, there has been news and the exploitation of this news by a group of individuals. This has been done with the aim of (?misleading) public opinion, upsetting political stability, sabotaging the achievements and success made so far in seeking a solution to the Cambodian problem, and particularly destroying the KoC Constitution,—the excellent achievement made through the efforts of the entire nation and international community.

All this news might cause some misunderstanding concerning the CPP and its leaders. The CPP has emphasized its stand to the national and international opinion through its 23 June 1994 statement. It says the CPP regards the KoC Constitution as the excellent achievement of the entire Cambodian nation and the international community, which has given immense and sincere assistance to our nation. Truly, this excellent achievement could be realized because of the excellent leadership of the esteemed His Majesty King Norodom Sihanouk, under whose leadership our nation has already achieved success [words indistinct]. This is reflected, for example, by the activities of the present three-party Royal Government. The parties are cooperating more closely each passing day in managing national affairs. For this reason, the CPP pledges to resolutely oppose all Khmer Rouge attempts to sabotage the KoC Constitution by demanding the dismantling of the National Assembly and the Royal Government born of the elections and the formation of a new government that includes the Khmer Rouge.

If we yield to such a demand by the genocidal elements who sabotaged the Paris Agreements, who boycotted and vandalized the elections, and who are continuing to destroy the nation, it would be tantamount showing serious contempt of the Cambodian people nationwide and a heavy blow to the outcome of the UN operations in Cambodia.

In this connection, the CPP would like to stress that as in the past, its present and future stand is to always to respect the KoC Constitution, which the Cambodian people of all generations to come are duty-bound to strengthen and expand on all its achievements in order to lead the country toward prosperity. Therefore, the solution to all the present problems, including the problems arising from misleading news, must be in line with the KoC Constitution.

The CPP would like to express its active support for the prominent initiative of the U.S. Government and other governments and circles across the world in deciding to set up an office to study and compile data on the genocidal crimes of the Khmer Rouge against the Cambodian people and other nationalities in order to bring them to trial. The CPP regards this decision as a most valuable search for justice for the Cambodian nation and all mankind.

Availing myself of this auspicious occasion, I would like to express, on behalf of the CPP, My deepest thanks to all countries near and far and the international community for supporting the Cambodian people's just cause.

On the CPP's 43d founding anniversary, from 28 June 1951 to 28 June 1994, I would like to appeal to all members and compatriots to continue striving to successfully fulfill all tasks assigned by the people and motherland, in particular, to contribute actively to implementing the Royal Government's political program; to effectively solve the people's requests and grievances; to mobilize forces to firmly defend localities, villages, and communes; and vigorously stimulate the rainy-season production drive in a timely manner.

As for the party members who are officials in all state institutions, mass organizations, and non-government organizations, you must closely cooperate with the officials of the other parties, and surmount inertia by upholding creative ingenuity and setting good examples on work and lifestyles for the people.

Also on this occasion, I would like to appeal to the officers and men in the ranks of the Khmer Rouge to think of the interest of the nation and people because the policy of the Khmer Rouge leaders only bring tragedy to the people, religion, and nation. Therefore, you should quickly return to the national society and to your families. The quicker the better, so as to jointly build and make our beloved motherland prosperous as quickly as possible.

In conclusion, I would like to extend my best wishes to samdechs, princes, Supreme Patriarchs, all venerable monks, excellencies, ladies, gentlemen, and all international guests. May you enjoy the five blessings of Lord Buddha for longevity, social prestige, happiness, strength, and enlightenment. Thank you. [applause]

Chea Sim Supports Bill To Outlaw Khmer Rouge

BK2806142794 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 28 Jun 94

[Text] A bill to outlaw the Party of Democratic Kampuchea [PDK] will be presented to the National Assembly for approval in early July. National Assembly Chairman Samdech Chea Sim says he hopes all members of the National Assembly of the Kingdom of Cambodia will support this bill to place the PDK outside of the Royal Government's laws. Approval or disapproval of the bill requires a two-thirds vote.

The Royal Government had considered presenting this bill to the National Assembly for a decision (?at its special session) but postponed it because His Majesty Norodom Sihanouk Varaman, king of the Kingdom of Cambodia, wanted to pursue the peace negotiations.

Paper: Government Official on Planned Reshuffle

BK2906033394 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 29 Jun 94 pp 1, 5

[Quotation marks as published]

[Text] A government official who requested anonymity told REAKSMEI KAMPUCHEA on the morning of 27 June that "the royal government has already decided that it is time to outlaw the Khmer Rouge, despite some differing views within the royal government."

This official further said: As for the Khmer Rouge, if we do not outlaw them, they will not soften their attitude or make concessions to the royal government. If the Khmer Rouge are left the way they are now, the royal government cannot do anything. If they are outlawed and become rebels, they might perhaps show some flexibility or even be willing to negotiate with the royal government.

Concerning the issue of outlawing the Khmer Rouge, it was recently rumored that some officials in the royal government do not agree with the view of the leaders of the royal government and of the National Assembly.

The same official affirmed that "what is important and constitutes the key for the royal government at present is that the royal government wants complete unity within the cabinet ... [ellipsis as published] within the royal government in order to continue its work to outlaw the Khmer Rouge, because what the government is doing now is in accordance with the constitution, in response to the aspiration of citizens, and in harmony with its mandate.

This official further said that, legally, in any government, even a coalition government, officials in the cabinet who do not follow the policy of the prime minister or the royal government can be considered as the government's opponents. Legally, these officials should resign, or the prime minister should remove them from their posts or dismiss them so that the implementation of government policy is not hindered.

The same government official further affirmed that "in the future the royal government will reshuffle positions in a number of ministries; ministers will not be dismissed, but their positions will be switched. For example, some officials will be removed from the Interior Ministry and transferred to the Foreign Affairs Ministry, or removed from the latter to other ministries... [ellipsis as published] because for these officials the probation period has ended.

However, this official did not elaborate on the reshuffle, on the personalities affected, or when this will be carried out.

Indonesia

Suharto, Australian Prime Minister Hold Talks

BK2806120794 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 28 Jun 94

[Text] President Suharto and Australian Prime Minister Paul Keating held two-hour private talks on bilateral ties and APEC [Asia Pacific Economic Cooperation] at Jakarta's Merdeka Palace this morning. Minister-State Secreatary Murdiono briefed reporters on the details of the meeting:

[Begin Murdiono recording] During the talks, the two leaders exchanged views on various issues, including bilateral, regional, and international events, as well as events related to APEC after the grouping's meeting in Seattle last year. Several points I can tell you are that the two leaders share the view that ties between Indonesia and Australia have progressed smoothly, while mutual understanding has also been enhanced since the two leaders met some time ago. We all know that Prime Minister Keating visited Indonesia a few months ago.

The two leaders also noted that bilateral trade ties have steadily increased and that there are more frequent exchanges of visits between the two countries' officials, both at the national and regional level. The president pointed out that in some Australian states, the Indonesian language has become the second language taught in schools. The two leaders also believe that relations between businessmen and private citizens should be further intensified because, geographically speaking, the two countries are indeed close neighbors which share similar views and objectives for the future, namely boosting cooperation for the progress of both countries.

The two leaders also discussed matters relating to APEC, as well as the APEC leaders' meeting on Blake Island. They noted that follow-up actions have been taken and these will be useful for preparations to hold the second APEC summit meeting scheduled in Indonesia in November. The Australian prime minister also expressed his desire to extend his assistance to make the upcoming APEC meeting successful. That is all I can tell you; thank you for your attention. [end recording]

Discuss Trade Deficit, Press Ban

BK2806133294 Jakarta ANTARA in English 1310 GMT 28 Jun 94

[Excerpts] Jakarta, Jun 28 (OANA-ANTARA)—President Suharto and visiting Australian Prime Minister Paul Keating agreed here Tuesday to work together to reduce Indonesia's trade deficit with Australia.

Both leaders shared the view that bilateral trade ties between the two countries need to be intensified to cut the deficit, Minister/State Secretary Murdiono said when announcing the results of a two-hour talk between President Suharto and Prime Minister Paul Keating.

Two-way trade between Australia and Indonesia is worth US $2.15 billion a year.

In the meeting, which lasted 30 minutes longer than scheduled, the two heads of state also discussed the upcoming informal summit of APEC (Asia-Pacific Economic Cooperation) to be held in Bogor, about 50 km south of Jakarta, on 15 November this year.

The second APEC meeting will be attended by representatives from 18 countries, namely the ASEAN member states (Indonesia, Brunei Darussalam, Malaysia, Singapore, the Philippines and Thailand), the United States, New Zealand, Mexico, Papua New Guinea, Chile, Australia, China, Hong Kong, South Korea, Canada, Taiwan and Japan. Prime Minister Keating expressed his readiness to help Indonesia make the APEC meeting a success, Minister Murdiono said. [passage omitted—covered in referent item]

Minister Murdiono also confirmed that President Suharto explained about the recent revocation of the licences of TEMPO weekly magazine, EDITOR magazine and DETIK tabloid to his guest.

Keating arrived here on Monday for a three-day visit to hold talks with President Suharto and other Indonesian officials. He is also scheduled to open a major Australian trade exhibition on Wednesday.

The trade exhibition is a part of "Australia Today Indonesia '94", the largest trade and cultural promotion program Australia has ever undertaken in the region. It is scheduled to last until 3 July 1994. This is the third visit Keating has made to Indonesia since he became prime minister.

Keating Details Talks

BK2806143094 Jakarta ANTARA in English 1313 GMT 28 Jun 94

[Text] Jakarta, June 28 (OANA-ANTARA)—Visiting Australian Prime Minister Paul Keating said that he welcomes the recent issuance of economic deregulation package to encourage greater foreign investments flow to Indonesia.

"We are happy about the decision taken by Indonesia to adopt a policy of greater investment opportunities and also about today's news reports on more deregulation packages," Keating told a press conference here Tuesday.

Jakarta on Monday announced a deregulation package for the industrial sector that reduces import duties on 739 tariff codes covering manufacturing, agricultural, and health products.

The government earlier this month also announced a new investment policy which allows foreign investors to have 95 percent shares in a join venture company.

Trade value between Indonesia and Australia was recorded at U.S. $3 billion in 1993.

Keating also said that issues on Asia-Pacific Economic Cooperation (APEC) forum, bilateral ties, and economic cooperation dominated his two-hour talk with President Suharto earlier Tuesday.

He said that during the meeting President Suharto briefed him on the importance of maintaining national stability and national unity at a time of great economic growth and transformation.

Underlining that relationship between Indonesia and Australia have improved dramatically in the last few years, he said that the president also touched on other issues on the World Trade Organization. [sentence as received]

When asked about the roles of Indonesia and ASEAN in general within the structure of APEC, Keating said that ASEAN obviously has a great role in the APEC forum.

"Indonesia now chairs the APEC," he said adding that such a position is making Indonesia and other ASEAN countries important.

He further said that he had also expressed his regret to President Suharto over the recent banning of three Indonesian weeklies.

However, he also quoted the Indonesian head of state as saying that "journalists had put some of these things... national unity and stability at risk."

The banned press publications are TEMPO, EDITOR, and DETIK which are all based in Jakarta.

Keating arrived in Jakarta on Monday evening for a two day unofficial visit during which he will open an Australia-Indonesia business seminar and attend the Australia Today Indonesia 1994 held here from June 29 to July 3.

Navy Chief Speaks on Acquisition of Aircraft

BK2806061794 Jakarta MERDEKA in Indonesian 18 Jun 94 p 1

[Excerpt] Surabaya, Friday—The Indonesian Navy will soon procure at least six to nine CN-235 maritime patrol aircraft after its acquisition of 39 former East German warships.

The aircraft will replace several aging Australian-made N-22 Nomad maritime patrol aircraft, which are currently being used in maritime patrols along Indonesia's 6,000km coastline.

Speaking after taking a ceremonial salute from a guard-of-honor mounted by the members of the Eastern Regional Air Maritime Fleet unit at Ujung wharf in Surabaya on 17 June, Tanto Kuswanto, chief of staff of the Indonesian Navy said: "We hope to get the approval to procure the new aircraft."

He said the CN-235 aircraft has similar capabilities to the N-22 Nomad and can fly at low altitudes and at a lower speed. Besides being appropriate for maritime patrol purposes, the aircraft can also perform extra functions as desired by the navy's air maritime patrol unit, such as conducting antisubmarine operations, tactical surveillance, the transportation of task forces and the provision of swift logistics support.

He confirmed that the Eastern Regional Air Maritime Fleet unit, which is a long arm of the navy's Joint Weapons System (SSAT), has yet to be fully operational, particularly in detection operations.[passage omitted]

MP's Urge Restraint Over Press Ban Protests

BK2806153994 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 28 Jun 94

[Text] The parliamentary Functional Group has asked all sides, particularly security forces and demonstrrators, to exercise self-restraint. Several members of the group made the appeal during a news conference in Jakarta today. On the occasion, Abdullah Alatas Fahmi, chairman of the Department of Information, Publication, and Mass Media of the Functional Group Central Executive Council, asked the security forces to handle demonstrations proportionally and not execessively. On the other hand, the demonstrators were asked to exercise self-restraint in order not to complicate the situation.

Meanwhile, Abu Hassan Sazili, vice chairman of the parliamentary Functional Group, stressed the need for all sides to coolly respond to the situation in the wake of the license revocation of several publications.

Sugeng Wijaya, member of parliamentary Commission I [Roman numeral one, in charge of foreign affairs, defense, security, and information] reminded the press circles not to be afraid of carrying out their duties and roles if they are carried out in accordance with the journalistic ethics.

Demonstrators To Appear in Court

BK2806045994 Hong Kong AFP in English 0430 GMT 28 Jun 94

[Text] Jakarta, June 28 (AFP)—Up to 21 people arrested Monday during demonstrations protesting a government ban on three weekly publications were to appear in Central Jakarta district court Tuesday.

There will be three separate hearings for the demonstrators, who include prominent poet Rendra, said court official Amir Samsudin.

He said 29 demonstrators had been arrested but seven were released immediately. One man, identified only as Viktor, was detained for allegedly instigating the demonstration, and will face trial later.

One of Rendra's relatives said the demonstrators had been questioned without lawyers being present.

Rita Kalibonso, a lawyer with the country's leading human rights group Legal Aid Foundation, said the 21 demonstrators were considered to have committed minor offences under the law and could be dealt with summarily.

They were likely to face charges either of refusing to disperse despite repeated warnings by security officials, or holding a mass gathering of more than five people without a police permit. The offences carry maximum sentences of 18 weeks and two-week jail terms respectively.

The government's decision last week to revoke the licences of three popular weekly publications TEMPO, EDITOR and DETIK which had criticised a minister close to President Suharto has triggered protests from several human rights groups, students, journalists and artists.

On Monday hundreds of anti-riot police and military in combat-fatigues and wearing black T-shirts with "Operation Cleansing 1994" written on them, broke up the demonstrations.

Journalists Association Urges 'Self-Restraint'

BK2806145294 Jakarta ANTARA in English 1317 GMT 28 Jun 94

[Text] Jakarta, June 28 (ANEX-ANTARA)—The Central Executive Board of the Indonesian Journalists Association (PWI) told its members here Tuesday to maintain self-restraint so they would not be carried away by activities outside the PWI regulations.

In a statement signed by Chairman Tribuana Said and Secretary General Parni Hadi, PWI expressed its worries that demonstrations as a follow up of the recent closure of three Jakarta weeklies might only ruin efforts still being worked out by the association to solve the banning problem.

PWI noted that demonstrations have been used as a means of expression of various aspirations which might further complicate things.

Therefore, the association called on all of its members to always uphold previous statements which among others expressed concerns over the banning.

However, at the same time, the statements expressed understanding as well over the government's reasons behind such a decision.

PWI, the Tuesday's statement said, had encouraged the government to issue a new press publication permit so that all PWI members previously affiliated to the three banned weeklies would not be left without employment for too long.

It further said that as long as legal and professional mechanism are upheld by all the concerned parties, revocation of press publication permit would not take place again in the future.

Minister Announces New Deregulatory Package

BK2806085194 Jakarta ANTARA in English 1907 GMT 27 Jun 94

[Text] Jakarta, Jun 27 (OANA-ANTARA)—The government on Monday announced a deregulatory package for the industrial sector that reduces import duties on 739 tariff codes covering manufacturing, agricultural and health products.

Finance Minister Mar'ie Muhammad, after a meeting with President Suharto, said that the deregulation is not merely aimed at boosting investment, efficiency and productivity, but also at raising business and employment opportunities and expediting development.

"The objectives are to increase the economic and national strength and endurance," the minister said, adding that the deregulation includes import duties, tariff surcharges and check prices.

President Suharto on Monday received nine senior ministers in connection with the newly announced deregulatory package.

Under the new deregulation, import duties on textile machinery and components as well as textile dyes are reduced from 10 to 25 percent, while duties on agricultural machinery has been reduced by five to 20 percent.

Import duties on tools and machinery for small scale industries such as sewing machines, lathes, drills, carpentry tools, dressing machines and other tools have been reduced to five percent or totally eliminated.

He said that the import duty on the completely built-up (CBU) passenger car and station wagon has been reduced by 25 percent, while for spare parts for the semi-trailer, it has been reduced to 10 percent and duties on spare parts for the work-truck have been eliminated.

"Import duties on components and sub-components for the assembling of heavy duty equipment are completely lifted beginning on January 1 next year," he added.

In the agricultural sector, the minister said that import duties on some products such as wheat and rice flour, yellow soybeans and cane sugar, that have so far been imported by the National Logistic Board (Bulog), have been eliminated.

Import duties on corn, soybean meal, potatoes, coffee, tea, sunflower seeds, margarine, fish meal, shrimp meal, processed fish, processed food and livestock, barley, peanut meal and sorghum have been reduced by five percent.

"The import duty on coconut and palm oil have been reduced to zero percent," he added.

He said that any price distortion caused by "dumping" activities will be prevented by "anti-dumping policies".

The government also decided to increase the import duty on 38 tariff codes for products containing a certain alcohol content.

Of the 38 tariff codes, import duties on 33 tariff codes have increased by 170 percent, four tariff codes by 80 percent and one by 70 percent.

Trade Minister S.B. Judono said that the aim of increasing the import duty on goods with alcoholic content was to minimise the domestic consumption of alcohol which has had a negative impact on society.

On the occasion, the finance minister also announced some regulation changes giving small scale entrepreneurs and cooperative agencies easier access to funds provided by state-run companies (BUMN).

The stipulation on what funds raised from BUMN can be used for has been expanded, the maximum limit on the share of BUMN surplus allocated to small scale businesses (which currently stands at 500 rupiah million per BUMN) has been eliminated, and efforts are being made to ensure that one percent of the BUMN's surplus is allocated to the scheme.

Development Board Official Notes Export Decline

BK2906054694 Jakarta KOMPAS in Indonesian 23 Jun 94 p 1

[Excerpt] Jakarta, KOMPAS—At least 17 nongas export commodities slotted for export to six out of 20 countries recorded a decline. This has prevented any acceleration in the export of nongas commodities. In this regard, the government and the private sector should embark on anticipatory measures to curb Indonesia's current decline in nongas exports.

This was stated by Rudy Lengkong, the head of the National Export Development Board, BPEN, during a hearing of the Parliamentary Commission VII [Roman seven] headed by Lukman R. Boer on 22 June.

Agricultural products and manufactured goods are among the 17 export items in decline.

According to Rudy Lengkong, an impromptu analysis conducted by the Department of Industry indicated that the decline in the nongas export commodities was due to weaker demand for such commodities.

In general, Indonesia was not the only country suffering such a decline. For example, the Netherlands also noted an 18.44 percent decline in its exports. Italy's export volume also dropped 24.15 percent in global markets, while France's exports noted a 15.43 percent downswing. These countries are in fact Indonesia's major export venues in West Europe.

Apart from this, the emergence of new competitors for Indonesia in international markets has also contributed to the country's decline in its exports. China and Vietnam are currently making efforts to find markets for their products, particularly manufactured goods which are relatively similar to those offered by Indonesia. Meanwhile, Indonesia's traditional competitors—Thailand, Malaysia and some others—are also strong contenders.

The decline in prices was also one of the factors for the drop in Indonesia's nongas exports. Rudy Lengkong said: "The weaker demand in several markets due to recession, which was followed by a deluge of export commodities, caused the decline in prices for several nongas commodities—including textiles, textiles products, and rubber."

Another factor which has also contributed to the continuing decline of Indonesia's exports of nongas commodities is the Indonesian entrepreneurs' inability in setting up foreign trade networks in regions with market potential, which could guarantee a continuous and secure market access. Strangely, China and India are the only countries which have foreign trade networks at an international level. [Passage omitted]

Commission Established To Deal With AIDS

BK2906095794 Jakarta ANTARA in English 1633 GMT 28 Jun 94

[Text] Jakarta, June 28 (OANA-ANTARA)—The government has set up an inter-ministerial commission to deal with Acquired Immunity Deficiency Syndrome (AIDS), the deadly disease which is also on the rise in Indonesia, it was announced here Tuesday.

Secretary of the Office of the Coordinating Minister of People's Welfare Suyono Yahya said the commission—created by a presidential decree, bore the task of fighting the spread and "not the victims" of the incurable disease.

The commission would launch programmes to fight AIDS not only at national and provincial levels but at district level as well, Yahya said.

He said the commission's programmes would emphasize efforts at preventing people from contracting HIV, the virus that leads to AIDS.

The commission would also disseminate information on AIDS designed to let the public have the right knowledge and understanding of the disease. This was necessary to prevent the public from unduly becoming restive when encountering or having to live with actual AIDS cases.

Coordinating Minister for People's Welfare Azwar Anas is chairman of the commission while four other cabinet ministers, namely Health Minister Suyudi, Religious Affairs Minister Tarmizi Taher, Social Affairs Minister Inten Suweno and State Minister for Population Affairs Haryono Suyono will be members.

The following cabinet ministers are also involved in the commission: Information Minister Harmoko, Tourism, Post and Telecommunications Minister Joop Ave, Home Affairs Minister Yogi S. Memed and Youth and Sports Minister Hayono Isman.

Laos

Further on Philippine Friendship Visit

Saman Vi-gnaket Hosts Banquet

BK2806120594 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 28 Jun 94

[Text] At 1930 yesterday evening at the National Assembly [NA] Hall in Vientiane, His Excellency [H.E.] Saman Vi-gnaket, chairman of the NA of the Lao People's Democratic Republic [LPDR], and his wife hosted a banquet in honor of the high-level delegation of the House of Representatives of the Republic of the Philippines [HRRP] headed by H.E. Jose De Venecia, speaker of the HRRP, together with his wife and party, who are paying an official friendship visit to the LPDR.

Attending the banquet from the Lao side were H.E. Khambou Sounisai, vice chairman of the LPDR NA; H.E. Maisouk Saisompheng, chairman of the Lao Front for National Construction Central Committee; H.E. Souban Salitthilat, deputy foreign affairs minister; chiefs of the various NA commissions; ministers and deputy ministers; and a number of NA members.

From the Philippine side were H.E. Victor F. Ortega, H.E. Roque Ablan, and H.E. Eric Singson, members of the HRRP; Mrs. Tirona, Philippine ambassador to Laos; H.E. (Burirat Namwat), secretary general of the AIPO [ASEAN Interparliamentary Organization]; Mrs. (Ma Thea Raza), director of the Southeast Asia Department of the Philippine Foreign Ministry; and a number of accompanying officials.

At the banquet filled with an atmosphere of close intimacy, H.E. Saman Vi-gnaket delivered a speech welcoming the visit by the high-level HRRP delegation.

Chief Hails Speech

BK2806135994 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 28 Jun 94

[Speech by Saman Vi-gnaket, chairman of the National Assembly of the Lao People's Democratic Republic, delivered at a Vientiane banquet on 27 June in honor of the visit by Philippines House of Representatives delegation, headed by Speaker Jose De Venecia,—recorded]

[Text] The friendship visit to our country by Your Excellency and your party this time is the first visit by a delegation from the House of the Representatives of the Republic of Philippines. It marks a new era in the development and growth of the relations of friendship and cooperation between the Lao and Philippine people, nurtured under the five-point priciple of peaceful coexistence, and thus contributing to the relations of friendship and cooperation among the nations in Southeast Asia and the cause of peace, stability, and progress.

Respected excellencies, ladies and gentlemen, we highly assess the outcome of our talks held this morning. The relations of friendship between Laos and the Philippines have been clearly displayed during the talks, where many fine words were expressed by His Excellency [H.E.] the Speaker. It has served to elevate the Lao-Philippine friendship to a new height. I am very proud of the statement of H.E. the Speaker on our national development. Your Excellency expressed his impressions and hailed our leaders for having guided our economy through the mechanisms of the market economy into the international economy. He also uttered another impressive statement, saying that though Laos is ruled by one party, it has managed to become (?fully) democratic. I would like to inform Your Excellency and the other Philippine guests here that the Lao Peoples' Revolutionary Party has no other aim than to bring wealth and well-being to our multiethnic people, to make our country as strong, prosperous, and progressive as others, and to (?turn) this region into a zone of peace, friendship, stability, and cooperation. Your Excellency expressed many other views on our country during the talks. He also pledges support for LPDR's application for permanent membership to the ASEAN Interparliamentary Organization, to enable the Lao People's Democratic Republic to be admitted as a permanent member of ASEAN. Your Excellency expressed his desire to set up the Lao-Philippine and Philippine-Lao parliamentary friendship associations. Your Excellency also proposed to further strengthen our cooperation by setting up our respective embassies in Vientiane and Manila. He pledged to render cooperation in economy, public health, medicine, language study, and other areas to Laos.

All this clearly shows Your Excellency's goods intentions as well as those of the Philippine people toward Laos, hoping that our country can be developed to become as progressive and prosperous as others in this region.

On this auspicious occasion, I would like to express my deep thanks to Your Excellency, Mr. Speaker, and to your wife and all the Philippine people. To honor Your Excellency, your wife and your party, I invite all distinguished guests to raise your glasses and toast to the health and happiness of H.E. Fidel Ramos, the health and happiness of H.E. Nouhak Phoumsavan, the health and brilliant achievements of H.E. Jose De Venecia and his wife and party, and the health, happiness, and success of all dignitaries present here.

Foreign Minister To Visit Vietnam

BK2406160094 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 24 Jun 94

[Text] In response to an invitation of Nguyen Manh Cam, foreign affairs minister of the SRV, Somsavat Lengsavat, foreign affairs minister of the Lao People's Democratic Republic, will pay an official friendship visit to the SRV from 26 June to 3 July 1994.

Seized Narcotic Drugs Destroyed in Vientiane

BK2506131494 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 25 Jun 94

[Excerpt] On the occasion of the world antinarcotics day on 26 June, on the morning of 25 June the people's court of Vientiane Municipality held a ceremony to destroy seized narcotic drugs at the Justice Ministry in the presence of Souban Salitthilat, deputy foreign affairs minister and chairman of the National Committee for the Suppression and Control of Narcotic Drugs.

Attending the ceremony were diplomats and foreign dignitaries as well as a number of Lao authorities concerned. The destroyed drugs, worth more than 45 million kips, included 10 kilos of heroin, 120 kilos of opium, more than 170 kilos of marijuana, and 14,000 packages of "Buat Hai" pain killers. These drugs were seized by Lao authorities along border areas and in post offices throughout the country. [passage omitted]

Sweden To Extend Forestry Aid by Four Years

BK2706135594 Vientiane KPL in English 0929 GMT 27 Jun 94

[Text] Vientiane, June 25 (KPL)—The government of Sweden has extended its forestry assistance to the Lao PDR [Lao People's Democratic Republic] to another four-year term from 1995-1999.

Jorgen Schonning, first secretary to the Swedish embassy, who is now acting as charge d'affaires a.i. signed a memorandum of understanding on the assistance with Deputy Agriculture and Forestry Minister Phimpha Thepkhamheuang on June 23.

The Swedish assistance to Laos in the forestry sector has entered its fourth stage lasting five years. In the past, the Swedish government has provided considerable assistance to the country in this sector. The signing of the memorandum came after SIDA and the Lao side held their meeting between May 30-June 3 in Vientiane. The meeting reviewed the implemented plan of the Lao-Swedish forestry cooperation programme over a period of six months from October 1993 to March 1994.

This programme includes seven projects: the technical support project, the nation-wide forestry survey project, the forestry project, the technical study project, the forestry resource preservation project, the project for ending slash-and-burn farming and the project for forestry development area.

The meeting unanimously viewed that the activities of all these projects proved very successful, particularly the ending of the destructive method of farming, the allocation of fixed engagement for farmers, the trial of forest and land allocation for villages and families to manage and use in several areas, personnel training, afforestation, and tree nursing.

Memorandum on Hydropower Project Signed

BK2706140594 Vientiane KPL in English 0934 GMT 27 Jun 94

[Text] Vientiane, June 25 (KPL)—A memorandum on the survey of the construction of the Nam Khan II hydropower project in Luang Prabang Province was signed here yesterday between the Lao Government and the Hydro Quebec International of Canada, reports 'VIENTIANE MAI' daily newspaper today.

According to the memorandum, the Lao government authorizes the Canadian company to do the survey, and the feasibility study to be started within eight months after the signing of the memorandum. This document will be further presented to the Lao government for approval, says 'VIENTIANE MAI'.

The capacity of the Nam Khan II hydropower station is estimated at 145 MW. Construction is to take three years and to cost U.S. dollars 200 million, which will be covered by the Canadian company. The investor will operate of this hydro-power station for 25 years and then transfer it to the Lao government, writes the newspaper.

If it was built as intended, the Nam Khan II power station will be the second in the province after the Nam Dong built several decades ago.

The Hydro Quebec International has operated in Laos for five years. It focusses on investment in small scale electricity projects, the report goes on.

Nam Khan is a tributary of the Mekong river in the northern province of Luang Prabang.

The signatories were Mr. Leuan Sombounkhan, vice-chairman of the Committee for Planning and Cooperation, and Mr. Simon Ouimet, representative of the Hydro Quebec International.

Philippines

Ramos on Korean Summit, Indonesia Border Talks

BK2906095194 Quezon City PTV-4 Television Network in English 0628 GMT 29 Jun 94

[Weekly news conference by President Fidel V. Ramos with domestic and foreign correspondents at Malacanang Palace in Manila—live]

[Excerpt] [Passage omitted] On the Korean summit, you're familiar with the developments? The two heads of state concerned, the president of the Democratic People's Republic of Korea and the Republic of Korea—President Kim Il-song and President Kim Yong-sam, respectively—have agreed to meet in Pyongyang late July after some preliminary conferences by subordinate officials. And I would like to see this as opening up a new era of regional stability in the Asia-Pacific region. I therefore convey our admiration for the two Korean leaders for showing statesmanship in pursuing the path of peace rather than the path of belligerent confrontation. You will recall that this has been our consistent policy at the height of the nuclear confrontation in the Korean peninsula, and even before.

Questions so far?

I also would like to inform everyone that I am satisfied with the conclusion of the first round of negotiations between the Philippines and Indonesia on the delimiting, or the identification, of our maritime boundary. And I would like to point out that this opens up some opportunities for us to have, perhaps, a fishing agreement and thereby eliminate previous difficulties and confrontations which have taken place in the absence of such agreements. [passage omitted]

Special Maritime Boundary Talks Slated

BK2806063794 Quezon City Radio Filipinas in English 0230 GMT 28 Jun 94

[Text] The Philippines and Indonesia have agreed to three principles to govern its special meeting in the drawing up of maritime boundary. This was announced by Philippine Foreign Affairs Undersecretary Rodolfo Severino. The principles include the applicability of international laws and the United Nations Convention on the Law of the Sea, which goes into effect this year, to establish the extent of national maritime jurisdiction.

Another is the adoption of the medium-line principle, whenever applicable, which set boundaries between two designated points. And the third is the adoption of (?uncertified) creative option.

Undersecretary Severino said the principles were agreed upon in the two-day talks in Manado last week and further talks would cover the area including the Celebes Sea and Cape San Agustin in the southern Philippines. Severino said designating borders could help prevent the occurrence in which Filipinos are arrested for fishing in Indonesian borders without a permit.

Message on Timor Meeting Sent to Portuguese Head

BK2806060394 Quezon City Radio Filipinas in English 0230 GMT 28 Jun 94

[Text] President Fidel V. Ramos has written Portuguese President Mario Soares, explaining the position of the Philippine Government to ban foreign participants in the recently concluded Asia-Pacific Conference on East Timor [APCET]. The president said the government had to ban foreign participants in APCET, including some Portuguese, to uphold the national interest and the democratic processes in the Philippines. At the same time the Chief Executive thanked President Soares for his message of felicitations on the 96th anniversary of the proclamation of Philippine independence last 12 June.

Ramos Issues EO 182 Widening Foreign Investment

BK2706080394 Manila MANILA STANDARD in English 23 Jun 94 p 13

[By Edu Lopez and F.V. Maragay]

[Text] President Ramos yesterday issued Executive Order [EO] No. 182 allowing foreigners to invest in more areas of the local economy.

EO 182 dovetailed with the announcement of the National Economic Development Authority [NEDA] yesterday that "List C" of the First Regular Investment Negative List (RFINL) [as published] would be "empty" or a total blank because no petition from local industries was filed as of the deadline on 31 August 1993.

"This is a development welcomed by the investing community because there are no further restrictions being made by the government on the investment environment," NEDA said in a statement.

List C, which was approved by NEDA last 21 June, was intended to be a list of investment areas that existing local industries have adequately filled and are therefore off-limits to foreign investors. Since list C is a total blank, only negative lists A and B remain.

List A includes areas in which foreign ownership is limited by mandate of the Constitution and specific nationalization laws. List B contains investment areas where foreign ownership Is limited for purposes of public health and safety and to protect small and medium-sized domestic market enterprises.

Among the restricted areas in List A are mass media, licensed professions, cooperatives, utilization of natural resources and public utilities. List B includes manufacturers of weapons and explosives, dangerous drugs, small and medium scale domestic market enterprises and export enterprises which utilize raw materials from depleting natural resources.

Pursuant to RA [Republic Act] 7042, no foreign equity is allowed in mass media, retail trade, cooperatives, private security agencies, small-scale mining, utilization of marine resources and rice and corn industry.

Industries where 40 percent foreign equity may be allowed include exploration, development and utilization of natural resources; ownership of private lands, operation and management of public utilities; ownership and establishment of educational institutions, and financing companies regulated by the Securities and Exchange Commission.

Manufacture, repair, storage and distribution of products and ingredients used for manufacturing firearms, gunpowder, dynamite and blasting supples. [sentence as published]

Manufacture and distribution of dangerous drugs; sauna and steam bath houses, massage clinics; certain forms of gambling like race track operations and racehorse ownership and importation domestic market enterprises with paid-in equity capital of less than the equivalent of $500,000 unless they involve advanced technology; and export enterprises which utilize raw materials from depleting natural resources and with paid-in equity capital on less than $500,000.

EO 182 means that foreign investors would then be allowed to invest in such formerly restricted businesses as travel agencies, tourist lodging services (pension houses and tourist inns), convention and conference organizing, life and non-life insurance business including professional insurance services and reinsurance brokerage.

The Federation of Philippine Industries (FPI) headed by businessman Raul T. Concepcion had protested NEDA's decision to close the "List C" of the RFINL on the ground that local businessmen were not adequately informed that they had to submit petitions for entries in the list.

The Cabinet cluster-B, however, turned down FPI's petition for an extension of the period for filing of petitions for inclusion in "List C," citing that ample announcements had been made and sufficient time was given for the filing of petitions.

NEDA argued that adequate exploitation by Philippine nationals as a criterion for determining foreign equity participation should not be at the expense of the majority of Filipino consumers whose interests should also be of primary concern.

"Adequate capacity" is not a sound basis for excluding foreign investments in a particular sector, NEDA said. Restricting entry in an industry on the basis of "adequate capacity" encourages existing firms with high-cost production techniques to continue operating at the expense of consumers, it said.

A foreign company would enter if it has something better to offer and can compete with the existing firms by offering quality products at lower prices that would benefit consumers and domestic producers, NEDA added.

The Board of Investments (BOI) had stopped using "adequate capacity" as a criterion because it would only enable existing enterprises to exercise monopoly powers.

Military Captures Abu Sayyaf Camp in Basilan

BK2806123094 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 28 Jun 94

[Text] The Marines today captured the center of Abu Sayyaf's camp in Sampinid, Basilan. The Abu Sayyaf group was forced to flee Hill 734, their biggest camp in Sampinid, after an intensive military operation. Here is Arnold Clavio's report from Basilan:

[Begin Clavio recording] Government troops have overrun at 3 AM today Hill 734 in Sampinid complex, the center of the Abu Sayyaf camp. The military had been in an offensive position since last night, prepared to finally capture the reputed kingdom of Barhama Sali.

When the camp was captured, the military immediately named it Camp (Gadjuli), in recognition of the heroism of Lieutenant Colonel (Johnson Gadjuli), who had earlier planned the capture of the Sampinid complex, but was unfortunately shot in the head by an Abu Sayyaf sniper.

At present, the military is continuing its mop up operation and its pursuit of Sali's group in Sampinid. Colonel Edgardo Espinosa, commander of the 3d Marine Brigade, said they are carefully scouring the complex for possible land mines buried by fleeing bandits. Espinosa added that they are scheduled to exhume the bodies of Abu Sayyaf members killed, and excavate the group's arms cache.

According to Espinosa, once they have totally cleared the perimeters of Sampinid complex, they will immediately establish a permanent battalion of Marines in the area. The 445th Engineering Battalion will also join and undertake reconstruction of houses.

Meanwhile, the bodies of three Marines who were earlier reported missing were found today. The bodies of Sergeant Edgar Escobidal, Sgt. Vicente Kaplanan, and Private First Class Romarico Espijo were flown to Zamboanga City. The number of casualties on the military side has reached nine, while 41 Abu Sayyaf members have been killed. [end recording]

Ramos Releases Funds for Development Projects

BK2906095694 Manila MANILA STANDARD in English 26 Jun 94 p 5

[By Joem Macaspac]

[Text] President Ramos yesterday ordered the release of some P [pesos] 52 million for various development projects in the provinces of Albay and Sorsogon.

Mr. Ramos made the fund releases during his trip to the two Bicol provinces.

He assured the people of Bicol that his government will continue to support the region's development through the speedy release of much-needed funds to finance needed infrastructure projects and improve delivery of basic services.

The president released some P5 million for the improvement of the Gabao-Bacon Airport and the P10 million for the improvement and extension of some major roads in Sorsogon.

"My commitment to you is to make you more accessible to the rest of the country," Mr. Ramos said.

He disclosed that a study is being done for the development of the Sorsogon town port. The port cannot be used because of its siltation problem.

The president also released P6 million for the construction of the Ligao-Pio Duran Road and another P6 million for the construction of various schoolbuildings in the region.

Manilao and Tabaco municipalities also got calamity funds amounting to P1.5 million and P3 million each.

In his meeting with public officials, the president again called for national unity in trying to achieve economic development for the entire country.

He said his government aims to make the Philippines an aggressive participant in global trade.

"To attain Philippines 2000, we must work together because the name of the game out there in the international arena is competitiveness," the president said.

"We must show that as a national team, we are as good, if not better, than they are," the president added.

During the civic assembly in Sorsogon, the president also handed out P1.54 [amount as published] check each to the principals of the Sorsogon National High School and the Callanosa National High School for the construction of their science and laboratory buildings.

Two Army Infantry Battalions Deactivated

BK2906100094 Manila MANILA BULLETIN in English 24 Jun 94 p 12

[By Aris R. Ilagan]

[Text] Top officials of the Philippine Army have ordered the deactivation of two infantry battalions in Bicol and Davao del Sur to streamline the military organization.

This is aimed at improving the efficiency and effectiveness of Army troopers both in combat and non-combat missions, Lt. Gen. Romulo F. Yap, Army chief, said.

He ordered the disbandment of the 49th Infantry Battalion based in Barangay [Village] Bacolod, Una, Sorsogon, and the 37th Infantry Battalion in Sitio [Village District] Cogon, Barangay Tuban, Sta. [Santa] Cruz, Davao del Sur.

Yap said the deactivation of the two battalions, each with about 300 troopers takes effect on 1 July.

With the deactivation of the two battalions, only 76 remain engaged in counterinsurgency, ecological preservation, and support operations to police forces in neutralizing organized criminal organizations.

The Army chief said 20 percent of the battalion's personnel who were undertaking administrative jobs in their headquarters unit can be reassigned to other battalions as part of the regular forces.

"While we lessen the manpower involved in administrative jobs in every headquarters, unit we increase the regular troopers engaged in combat missions," Yap said.

When Yap assumed command of the Philippine Army last April, he urged the implementation of the total quality management (TQM) approach aimed at maximizing the efficiency of every unit despite the constraints in material resources to achieve the command's objectives.

Army authorities, who refused to be identified, said more battalions will be deactivated, as part of the military's streamlining efforts.

'Green Army' To Combat Environmental Crimes

BK2906095394 Manila MANILA STANDARD in English 25 Jun 94 p 4

[By Romie A. Evangelista]

[Text] The Philippine National Police [PNP] has created a special unit which assist the Department of Environment and Natural Resources (DENR) in implementing environment protection laws.

Outgoing Philippine National Police chief, Director General Umberto Rodriguez, said the new police unit called by PNP Environment and Natural Resources Protection Force (ENRPF), to be known as the PNP Green Army, shall be composed of selected men from the PNP Regional Mobile Force and will be backed by local units from PNP Traffic Management Command, the PNP Maritime Command, the Police Aviation Security Command, Philippine Coast Guard and the local police units.

The PNP chief issued last 25 May Letter of Instruction 17/94 dubbed as "Oplan Kalikasan [Nature Operation Plan]" aimed at assisting the DENR in implementing ecology protection laws.

ENRPF teams were specifically tasked to conduct crackdown on illegal logging, illegal fishing and coral collection, poaching by foreign fishermen, the campaign against smoke-belching vehicles in urban centers.

The ENRPF will closely coordinate with the intelligence units of the Department of Agriculture, DENR and Coast Guard and concerned non-governmental organizations (NGOs) to apprehend violators.

Regional directors who were given authority to decide how many members the local ENRPF, will also have direct command and supervision of the local ENRPF units. [sentence as published]

All items seized from arrested suspects will be turned over to concerned government agencies that will also handle the investigation and filing of appropriate charges.

Early this year, the PNP, on orders of the president, deployed a company of SAF [expansion unknown] troops in Lanao del Sur to guard against illegal logging operations in the Lake Lanao watershed area.

Ramos Inaugurates Zambales Thermal Power Plant

BK2806082094 Quezon City Radio Filipinas in English 0230 GMT 28 Jun 94

[Text] Another power project will be constructed in the Philippines. President Ramos, on Monday, led the groundbreaking rites for the Masinloc coal-fired thermal power plant in Zambales in northern Luzon. The $525.6 million project will add 600 megawatts of electricity to the Luzon grid by 1998.

In his speech, the president told the residents of Masinloc to discard their fears of environmental pollution and hazards that the project may bring. The president assured them that this will not happen due to the rigid standards adopted by those involved in the planning and construction of the new power plant.

Thailand

Doctor To Continue AIDS Vaccine Tests

BK2806090494 Bangkok BANGKOK POST in English 28 Jun 94 p 2

[Text] The Thai Red Cross Society's AID Programme Director denied yesterday he had violated the National HIV/AID, Vaccine Development Plan and planned to continue with vaccine trials on Thai volunteers.

Dr Praphan Phanuphak said he would give the volunteers a second dose of the vaccine on July 7.

The first dose was administered to 3 volunteers in the country's first ever vaccine trial on June 6.

Dr Praphan said the blood from a third of the volunteers was sent to Chulalongkon University's Medical Department for testing, a third to United Biomedical Incorporation of the United States—the vaccine producer—for testing, and a third was being stored at an independent laboratory ready for dispatch to research places which request it.

"I was one of the members who drafted the National HIV/AIDS Vaccine Development Plan. Why should I violate the plan?" he asked.

There were reports last week Dr Praphan had violated the plan by not setting up a laboratory as part of the programme to test the volunteers.

The doctor said reports of HIV infection among seven volunteers undergoing a similar programme in the United States should serve as a warning to Thai volunteers that no vaccine has yet been able to prevent the infection of the disease.

Of the 30 volunteers here, 24 have been given the actual vaccine while the other six have received a placebo in the form of glucose and water.

Dr Praphan said he had explained the vaccine to the volunteers and had warned them to be careful.

The World Health Organization's Global Programme on AIDS Research and Intervention Development director Peter Piot, said WHO was very disappointed with the decision by the United States not to assess whether vaccines tested at the first and second phase were effective or not.

"There is an urgent need in the world to have a vaccine and we will continue the trial programmes throughout the world, including those being conducted in Thailand, Brazil and Uganda."

Dr Praphan said the decision by the US to postpone the third phase of the vaccine trials would not affect his own tests.

He said the programme required about $20 million in financial support from the Government so the US had decided to observe the results of vaccine trials in other countries before going ahead with its third phase.

Navy Commander Leaves for Visit to Vietnam

BK2806142394 Bangkok Radio Thailand Network in Thai 1200 GMT 28 Jun 94

[Text] Speaking to reporters prior to his departure for Vietnam today, Admiral Prachet Siridet said during his official visit he would call on commanders of the Vietnamese armed forces and the defense minister and hold consultations on several issues. In particular, he said, the fishing problem will be raised. He noted that it is the duty of the navy to ensure the safety and proper treatment of Thai fishing trawlers in the international waters off Indonesia and in the South Pacific when they sail home through the specific economic zones of neighboring countries. They should not be left to face any act of bullying or harassment on their way home.

Asked about the Cambodian Government's attempt to outlaw the Khmer Rouge, the navy commander said this is a rather tough issue but Thailand does not interfere in internal affairs of Cambodia. However, it will affect Thailand because the Khmer Rouge is one of the factions that will always engage in fighting. If the fighting takes place near the border, Cambodian people will again flee to Thailand and this will cause problems to the Thai people. The world wants to see national reconciliation in Cambodia. In practice, it is not that easy. Meanwhile, Thailand will try to persuade the Cambodian factions to compromise.

Forced Repatriation Under Consideration

BK2906100294 Bangkok BANGKOK POST in English 29 Jun 94 p 6

[Text] Thailand is considering arranging the "orderly return" of Laotians who do not volunteer to return home.

"Laotians should go home on a voluntary basis," said National Security Council deputy secretary-general Khachatphai Burutphat, "but some may not volunteer to go home and we may have to send them back in an orderly return program as Hong Kong has done with Vietnamese boat people."

Mr. Khachatphai's remarks, made at the end of a two-day meeting which sought to speed up the repatriation of Laotians still encamped in Thailand, referred to the bilateral agreement between Hong Kong and Vietnam for the "orderly return" of boat people with no prospects of resettlement in the West.

The meeting also drew senior officials from Laos and the United Nations High Commissioner for Refugees.

The UNHCR's Thailand representative, Ruprecht von Arnim, said both Thailand and Laos agreed the repatriation process could continue for another year.

The agreement conforms with the Comprehensive Plan of Action (CPA) which calls for solutions by the end of 1995 to the problem of Vietnamese and Laotians still encamped in this region.

But Thailand still insists on closing its last camp for Laotians at Ban Na Pa in Nakhon Phanom by the end of this year.

"We must emphasise the closure of the camp rather than the extension of the repatriation period," said Mr. Khachatphai.

"There are many ways to persuade the remaining refugees to return on a voluntary basis."

Thailand reportedly put the accent on the provision of training as part of its proposal to accelerate the repatriation process. The Thai proposal calls for returnees be put in a kind of half-way house in Laos pending full reintegration into the country.

The Laotian side led by Don Somvolachit of the Foreign Ministry's Department of Europe and America Affairs, proposed two new settlement sites for the returnees in the central provinces of Khammouane and Bolikhamsai.

The UNHCR will inspect the sites and draw up a financial plan for the projects, said Mr. von Arnim.

As part of the effort to speed up repatriation, he said the meeting discussed deterrents and incentives.

The UNHCR raised the possibility of halving the allowances granted to returnees—now set at 2,000 baht per person—if they return after 30 September. Laos said it would give those arriving before that date carpentry tools and housing items.

* Central Bank Chief, Others on Money-Laundering

Banker Fears Impact of Law

94WD0404A Bangkok NAEO NA in Thai
14 May 94 p 7

[Excerpt] Mr. Khanchit Kantangkun, the assistant managing director of the Krung Thai Bank, talked about the plan by officials to promulgate a money-laundering law in an effort to stop the laundering of "dirty" money. He said that if this law actually is promulgated, it will have a great effect on financial institutions, particularly commercial bank customers. Thus, officials should clearly stipulate the limitations of this law so that this does not affect depositors. [passage omitted]

Specialist Sees Problems

94WD0404B Bangkok NAEO NA in Thai
19 May 94 p 2

[Article by Dr. Prasit Damrongchai]

[Excerpts] At the end of 1992 and beginning of 1993, as a member of the Political Science and Public Administration Branch of the National Research Council, I was asked to conduct a study on "The Suppression of Unusual Wealth in Thai Government Circles." It was hoped that the results of this study would benefit the country and society in general.

One of the important questions of this study was the question of how to seize the assets of wealthy state officials who have gained their wealth by defrauding the public. The money they earn from engaging in corrupt activities is considered to be dirty money that must be seized and returned to the country.

The main problem is not authority to seize assets, because OCCC [Office of the Commission to Counter Corruption] laws have been promulgated. The problem is to find the location of the huge sums of money earned from engaging in corrupt activities.

I think that in carrying on narcotics suppression activities, the ONCB [Office of the Narcotics Control Board] probably faces the same problem. That is, it has the authority to seize assets based on ONCB laws, but it is difficult to find out where the narcotics traffickers keep their money and how they transfer it.

Those who are best informed about the movement of this cash are the banks and other financial institutions. Thus, to locate the cash earned from engaging in corruption and trafficking in narcotics, we must rely mainly on information provided by the banks and financial institutions. To achieve real results, a special law must be promulgated that will make it possible to locate this dirty money and prevent it from being transferred and laundered. To put it simply, we must prevent this money from being laundered, because it is then very difficult to prove whether the money is "clean" or "dirty" money. [passage omitted]

Even though this law will be very beneficial, many people don't think that it will be possible to promulgate such a law. The powerholders in Thai society will probably oppose this and take steps to prevent this bill from being passed by the legislative council. The commercial banks, which would be required to regularly file reports, are afraid that this will increase the burden on them. Besides this, the money that once flowed into the system will flow out of the system. The foreign currency that flowed into the country will go to other countries that do not have such a law. This will put our domestic economy at a disadvantage as compared with that of neighboring countries.

Some groups hold differing views. Some think that this will infringe on people's personal rights. Others think that it won't be worth the price if we allow money to flow out of the country. Others think that our monetary and banking systems are fine as they are and that it isn't necessary to promulgate a special law.

While I was writing the report on the results of the study, I began to feel that getting this law passed by parliament would probably be as difficult as pushing a mortar up a hill. This is because there are very few people who support this. Many people will be adversely affected, and most of these are highly influential people who will oppose this, which is exactly what has happened in many other countries.

But today, many people are interested in this and so there is hope that something can be done:

1. A way must be found to have countries throughout the world cooperate in promulgating such a law. Because the present economic situation is now an international matter, it should be easier to obtain such cooperation.

2. Fears concerning individual rights should carry little weight. Even in the United States, Professor Peter Baldwin Jr., a professor at the University of Florida and an expert on money-laundering laws, whom the OCCC invited to come give a lecture on 3 December 1993, has said that those who violate the law, particularly those who engage in corruption, have forfeited the personal rights guaranteed by the constitution. If dirty money is kept somewhere, that place must be considered dirty, too. For example, if a house is used to conceal dirty money, the state can seize that house.

3. We are in the information age. It is easy to transmit information to people everywhere. The mass media can help inform the people about the advantages and disadvantages.

4. Most members of the legislative council are concerned about the common good rather than person interests.

Because money laundering is a very complex issue and affects people in many countries, unless this problem is discussed in a reasonable manner, conflicts and problems will arise. Thus, to promulgate this law, things must be done very carefully. The objectives must be very clear, and everyone must be made to understand the reasons for this. If this law is really good, it will be difficult for people to oppose it. This is a good opportunity for those who support the principles of this law to prove their case.

Central Bank Chief: Law Will Come

94WD0404C Bangkok NAEO NA in Thai 12 May 94 p 7

[Text] Mr. Wichit Suphinit, the governor of the Bank of Thailand (BoT), discussed the efforts being made to promulgate a money-laundering law. He said that the BoT agrees in principle with the need to promulgate such a law. The BoT has discussed the principles and framework of this law with Mr. Tharin Nimmanmoen, the minister of finance. It is felt that such a law will eventually be promulgated.

As for reports that the BoT has not taken a clear position in supporting the promulgation of this law because of the fear that this will affect foreign investment in accord with the policy of providing financial freedom, Mr. Wichit said that if this law is implemented, it definitely won't affect foreign investment.

Mr. Wichit said that the BoT is now studying this in detail, including the limitations, responsibilities, means of implementation, and effects of this law. It has compiled data and participated in seminars with other countries that are in the process of implementing such laws. The results achieved by countries, such as Singapore, that have already implemented such a law are being considered, too.

Wichit on Details

94WD0404D Bangkok THAI RAT in Thai 12 May 94 p 11

[Text] Mr. Wichit Suphinit, the governor of the Bank of Thailand, issued a statement following Mr. Giff, the head of the G-7 (seven industrialized countries) work team. He said that he had come to explain the details of the money-laundering law as a course of action for Thailand. In principle, the central bank feels that the advantages of this outweigh the disadvantages.

Three points where submitted for consideration: 1. Disclosing the account figures of customers. Consideration must be given to promulgating a law to protect those who make disclosures, because this could pose a danger to financial institutions that enjoy the trust of depositors. 2. Using special or fictitious names in making deposits. Concerning this, in actual practice, the bank knows the real identity of depositors who use fictitious names. 3. Reporting unusual account transfers.

Further on Central Bank Chief Comments

94WD0404E Bangkok THAI RAT in Thai 12 May 94 p 11

[Text] Mr. Wichit Suphinit, the governor of the central bank, discussed the fact that the president of the English International Organization to Monitor and Control Money Laundering will visit Thailand in order to talk with officials about promulgating a money-laundering law. He said that the central bank does not know anything about this. But in principle, the central bank supports promulgating such a law. The details of this will have to be discussed to determine how this law can be promulgated.

"I don't think that the Thai government has much experience in such matters. We will try to gain experience by attending international conferences on money laundering. There is general agreement on this," said Mr. Wichit.

SRV Frees 99 Fishermen After Fines Paid

BK2606123794 Bangkok THE SUNDAY NATION in English 26 Jun 94 p A1

[Text] Ninety-nine Thai fishermen released by Vietnam after being arrested and detained for fishing inside Vietnamese territorial waters reached Samut Sakhon port on Friday night on three fishing boats that were seized with them.

Two of the fishermen returned with serious health problems. One is suffering from Aids and the other cannot walk due to atrophied legs.

Fifty of the 99 are the crew members of three fishing vessels, the Watcharin 1, Prasong Charoenchai, and Lim Charoenchai 3, from Samut Sakhon province. They were arrested by Vietnamese officials on Jan 29.

The Foreign Ministry negotiated with the Vietnamese government for the release of the crew members and the three boats on behalf of the boat owners.

The owners had to pay Vietnam US$800 for each of the returned fisherman.

Forty-nine other fishermen imprisoned earlier were released after Sanchat Thephatsadin, the Thai consul in Ho Chi Minh City, contacted the Vietnamese officials to pay the $800-per-person fine after no one else came forward to act on their behalf.

Vietnam

Spokesman: Warning to Australian Delegation

BK2906124994 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 29 Jun 94

[Text] The Foreign Ministry spokesman has been authorized to respond to the statement made on BBC radio on 27 June by a member of the Australian Parliament consultative delegation that will soon visit Vietnam, in which it was said that the main purpose of the visit would be to examine the human rights issue.

Vietnam agreed to receive the Australian Parliament consultative delegation in the name of developing bilateral relations between the two countries on the basis of equality, respect for each other's sovereignty, and mutually beneficial cooperation. The purpose of the visit is to exchange views on issues of mutual concern, particularly measures to promote cooperation. Following several meetings, both sides clearly understood this. Any activities that are not in line with this agreement or that intervene in Vietnam's internal affairs would be inappropriate. They could undermine the visit and harm the cooperative relations between the two countries, which have been developing favorably.

New Vessel Launched for Spratlys Service

BK2806074294 Hanoi VNA in English 0647 GMT 28 Jun 94

[Text] Hanoi VNA June 28—A sea vessel named Truong Sa-10 has been launched recently by the Ha Long shipyard.

The 70.75-metre-long and 11.8-metre-wide ship has a design capacity of 1,000 tonnes and is provided with modern equipment.

This transport ship was specially built in service of the Truong Sa archipelago [Spratlys].

In the first half of this year, the Truong Sa Marine Product Company maintained the operation of all its ships. The company has well combined its tasks of economic production, scientific surveys and national defence. It discovered and prevented dozens of foreign vessels from illegally operating in the country's territorial waters and continental shelf.

Lao Foreign Minister Somsavat Lengsavat Visits

Received by Party Leader

BK2806142594 Hanoi VNA in English 1402 GMT 28 Jun 94

[Text] Hanoi VNA June 28—Party General Secretary Do Muoi received here this afternoon Lao Foreign Minister Somsavat Lengsavat who is on a visit to Vietnam.

The Lao chief diplomat conveyed regards from president of the Lao People's Revolutionary Party Central Committee Khamtai Siphandon to Mr. Do Muoi.

He also expressed his satisfaction at the development of the special friendship, fraternal solidarity and all-sided cooperation between the two parties, states and peoples. He affirmed that Laos always respected and strived for the constant consolidation and further promotion of those traditional relations.

Speaking to his guest, General Secretary Do Muoi welcomed the Lao foreign minister's visit and the results of the talks between the two foreign ministers. He said that the two sides should exchange views and experiences with each other, strengthen the effective and all-sides cooperation and promote the special solidarity between the two countries.

Radio Hails Visit

BK2806155394 Hanoi Voice of Vietnam in English 1000 GMT 28 Jun 94

[Station commentary]

[Text] Vietnamese Prime Minister Vo Van Kiet has reaffirmed that the current visit to Vietnam by Lao Foreign Minister Somsavat Lengsavat is the new contribution to consolidating and strengthening the cooperative and friendly relation between Vietnam and Laos. He was speaking during the reception given to the Lao foreign minister who is on an official friendly visit to Vietnam at the invitation of Vietnamese Foreign Minister Nguyen Manh Cam. Here is our radio editor's opinion:

Vietnam and Laos are two fraternal and neighboring countries having traditional, special, friendly, and cooperative relations. They have been supporting each other in the past struggle for national salvation as well as in the current socialist construction.

Senior leaders of the two countries have exchanged many visits over the last years. The visit to Vietnam by Lao Foreign Minister Somsavat Lengsavat this time is a milestone marking the special solidarity and friendly relation between the two countries.

During the reception given to the Lao foreign minister, Prime Minister Vo Van Kiet maintained that now more than ever before, Vietnam and Laos should get closer and coordinate their activities relating to the interest of each country and of the region.

During the talks between Vietnamese Foreign Minister Nguyen Manh Cam and his Lao counterpart, Mr. Somsavat Lengsavat, the two sides noted with pleasure the constant consolidation and development of the traditional friendship and multisided cooperation between the two countries. They said they will determine to further promote the special relations between the two nations as well as the close cooperation between the two foreign ministries.

During the Lao foreign minister visit to Vietnam this time, the two sides agreed on measures to further consolidating and strengthening the special friendship and comprehensive cooperation between Laos and Vietnam in the new period in the interest of each country for peace, stability, and development in the region and the rest the world.

The Lao foreign minister spoke highly of the efforts of the Vietnamese Government and people in the implementation of the agreements reached at the recent Laos-Vietnam summit meeting, propelling the time-honored friendship and cooperation between the two countries to a new step of development. The Lao foreign minister reaffirmed that the Lao Government and people will try their utmost to implement the agreements reached by the two parties and two governments to make the friendly relations between Laos and Vietnam ever fruitfull. Recently, both countries have striven to turn the agreements reached by the senior leaders into reality. And now the relations between Laos and Vietnam have developed in all respects.

Phan Van Khai's Visit to Canada, Brazil

BK2806005494 Hanoi Voice of Vietnam in English 1000 GMT 27 Jun 94

[Text] A delegation of the Vietnamese Government led by Deputy Prime Minister Phan Van Khai on Sunday [26 June] concluded an official visit to Canada and Brazil. Upon his return to Hanoi, Deputy Foreign Minister Le Mai, a member of the delegation, met with Vietnamese pressmen to inform them about the results of the visit.

Regarding the visit to Canada from June 15 to 22, Deputy Foreign Minister Le Mai said that the visit to Canada by Vietnamese Government delegation has achieved good results. It has contributed to the consolidation and development of the political and economic relations between the two countries. He said that Canada has strengthened its relations with Vietnam and supported the process of renovation in Vietnam. The two sides also agreed on mutual interest of the two countries in contributing to peace and stability in the Asia-Pacific region. The agreement on development and cooperation between the two countries signed during the visit was the foundation for further development of relations between Canada and Vietnam.

During the meeting with Deputy Prime Minister Phan Van Khai, Canadian Prime Minister Jean Chretien highly valued the current process of renovation in Vietnam and appreciated the invitation to visit Vietnam which would be made very soon.

Deputy Foreign Minister Le Mai also laid stress on the great potential and prospect of economic and trade ties between Vietnam and Canada. He noted that the political relations between Vietnam and Canada were fine. However, the economic cooperation has not yet been equal to potential of the two nations. For further development, the two sides pledged to continue negotiations for an early signing of agreements at governmental level such as the agreements on commercial cooperation, on investment protection, and the avoidance of double taxation. At present, the Canadian Government is ready to exchange with Vietnam its experiences in economic development and to cooperate with Vietnam in many fields.

Canada is also considering the increase of quota of Vietnamese garments import. Especially, Canada expressed its will to help Vietnam enter the market in North America and the American Continent. Mr. Le Mai noted that this possibility would be realized.

In Canada now, there are about 150,000 overseas Vietnamese. The Vietnamese Government always considers them as a part of the Vietnamese nation. Today, overseas Vietnamese always want to contribute to national reconstruction according to their abilities. Mr. Le Mai said that the Vietnamese Government's policy toward Vietnamese overseas has been changed toward that direction.

After Canada, the Vietnamese Government delegation visited Brazil. This two-day official visit to Brazil concluded with positive outcome. Concerning the visit, Deputy Foreign Minister Le Mai said: During the meeting with Deputy Prime Minister Phan Van Khai, the Brazilian president and other senior officials expressed readiness to cooperate and exchange experiences with Vietnam in the development of key economic ventures. Brazil is also ready to receive Vietnamese students. Mr. Le Mai also said that many Brazilian businessmen met with the Vietnamese delegation and had working session to look for opportunity to do business in Vietnam. The Brazilian side is very interested in the development of football in Vietnam.

In conclusion, Deputy Foreign Minister Le Mai said: Brazil shows its interest in assisting Vietnam in many fields including sports. It is clear that the visit to Brazil has ushered in a new set of development and cooperation between Vietnam and Brazil.

Nong Duc Manh Receives Foreign Ambassadors

BK2906093694 Hanoi VNA in English 0642 GMT 29 Jun 94

[Text] Hanoi VNA June 29—Chairman of the National Assembly Nong Duc Manh received here yesterday on separate occasions Malaysian, Belgian and Albanian ambassadors who paid him courtesy visits.

Speaking to the Malaysian Ambassador Mr Cheah Sam Kip Chairman Manh noted the great achievements recorded by the Malaysian people, and thanked the government and people of Malaysia for their support and assistance to the Vietnamese people. He affirmed the on-going progress of the relations of friendship and cooperation between Vietnam and Malaysia. He said he hoped that the Malaysia diplomat would successfully fulfill his tasks during his term of office in Vietnam, contributing to the expansion of the friendship and cooperation between the two governments, people and national assemblies.

In a cordial conversation with the Belgian Ambassador Benoit Reylandt, Chairman Manh highly appreciated the Belgian Government and people's cooperation and assistance to the Vietnamese people over the past period. He expressed his wish that the fine traditional relations of friendship and cooperation between Vietnam and Belgium would be further developed.

In his reception of Albanian Ambassador Ferid Hoti, Chairman Manh thanked the Albanian people for their fine sentiments and precious support to Vietnam in its national defence and construction.

Committee Discusses Plenum Political Report

BK2606163294 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 24 Jun 94

[Text] The Kon Tum provincial party committee recently held a conference of key cadres and secretaries and chairmen of people's committees to discuss and contribute ideas to the draft political report of the [upcoming] party Central Committee's seventh plenum.

Delegates to the conference expressed unanimous views about the industrial development program up to the year 2000, which is aimed at attaining national industrialization and modernization, the key task of our nation. They also urged that the central government pay more attention to formulating orientations for developing industries, building infrastructure, and improving conditions in the mountainous region, especially the central highlands. To advance further to achieving industrialization and modernization, the party and state should formulate plans to effectively train, manage, and use scientific-technological cadres, especially ethnic minority cadres. It is essential to formulate lines and policies to attract and encourage talented people in the mountainous region.

Minister Views Case Involving Saigon Beer

BK2806121194 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 27 Jun 94

[Text] According to a recent announcement of the Government Office, Prime Minister Vo Van Kiet has expressed his views on the disciplinary measures against the director general of the Saigon Beer Company as follows:

While considering the degree of administrative measures and party disciplinary action against Comrade Hoang Chi Quy, one must take into full account the strong points and efforts of cadres and office and manual workers of the Saigon Beer Company to overcome difficulties. By upholding the spirit of self-reliance, everyone has stepped up production, enhanced the condition of production lines, expanded facilities, improved product quality and design, and combined production with marketing. As a result, the Saigon Beer Company has become one of those state business establishments that have made substantial contributions to the state budget over the past years. Comrade Hoang Chi Quy has positively contributed to the overall achievements of the company.

The shortcomings mentioned by the inspection team are related to management. Comrade Hoang Chi Quy and the Saigon Beer Company must be fully aware of those shortcomings and must take serious measures to rectify them. The Ministry of Light Industry must draw practical lessons from this incident to better direct the production and business operations of other units under its charge.

For the Saigon Beer Company to stabilize production and business operations at an early date, the prime minister of the Government has instructed the Ministry of Light Industry to use its cadre management power to determine the degree of administrative measures against Comrade Hoang Chi Quy and to bear responsibility before the Government for this action.

The party Central Committee Organ of Control is hereby requested to determine the degree of party disciplinary action to be taken against Comrade Hoang Chi Quy based on the party statutes and the views of the Ho Chi Minh City party committee standing body, the party affairs committee of the party organization of the Ministry of Light Industry, and the party installation of the Saigon Beer Company.

Prime Minister Vo Van Kiet has requested the Ministry of Culture and Information in its capacity as a state organ in charge of press control to coordinate with the party Central Committee Ideology and Culture Department and Ho Chi Minh City in reviewing and drawing experiences from reports and articles relating to this incident, take action against cases of violations against the press code, and keep the prime minister of the government informed of investigation results.

Radio on Economic Activities in Last 6 Months

BK2706140394 Hanoi Voice of Vietnam in English 1000 GMT 27 Jun 94

[Text] In the first six months of this year, Vietnam's economy has seen sound development. According to the Ministry of Trade, in the multisectoral economy, state commerce remains a key distributor of a number of essential items such as tin, cement, and petrol. This has helped balance supply and demand.

In the period under review, Vietnam's export turnover was 1.6 billion U.S. dollar, an increase of 27 percent against the same period last year, of which the turnover of rubber increased by 28 percent, coffee 29 percent, tea 21 percent, and coal 24 percent.

Meanwhile, Vietnam's import turnover in the last six months was recorded at 1.7 billion U.S. dollar. The main imports were those in service of production development and daily life such as petrol and pesticide.

Thanks to the production development, Vietnam has exported many items to foreign markets, including garment, crude oil, rice, maritime products, and tea. By now, Vietnam's Ministry of Trade has completed all necessary procedures to become an observer of GATT. It has signed trade agreements with Laos, Cambodia, and China and worked out plans for commercial promotion inside and outside of Vietnam.

40 Billion Dong Allocated for Drug Programs

BK2706031494 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 24 Jun 94

[Text] According to an announcement issued by the Committee for Nationalities and Mountainous Regions, in 1994, the state budget allocates more than 40 billion dong for national programs to prevent and fight drug addiction. This funding reserves 25 billion dong for expenses to increase production and replace poppy trees in all northern provinces and 10 billion dong for drug rehabilitation and social welfare issues relating to drug addiction in all localities.

Lang Son Supplies More Electricity to Districts

BK2706091794 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 24 Jun 94

[Text] The Lang Son provincial electric power service recently started the construction of three 35-kilovolt power lines: the first one spans from Quoc Khanh town to Trang Dinh district, the second from Cao Loc town to the border district of Ba Son, and the third for new economic zones in the province.

Lang Son has, thus far, supplied electricity to 11 districts and towns through the national grid. The three new power lines is aimed at supplying electricity for the development of rural area and zones inhabited by ethnic minorities.

Australia

Paper on Move To Impose Sanctions on DPRK

BK2706135294 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 7 Jun 94 p 12

[Tony Walker Commentary: "N. Korea Repeats Its Case To Our Man in Beijing"]

[Text] Australia's Ambassador in Beijing, Mr Michael Lightowler, received an unusual visitor last week in the person of North Korea's senior representative in the Chinese capital.

At the end of a lengthy restatement of North Korea's position on nuclear inspections—that it opposes the International Atomic Energy Agency's "unreasonable" demands for access to its nuclear facilities—Australian officials were none the wiser about the purpose of the visit.

They discerned nothing new in the official's remarks. No requests were made for Australia, the current IAEA [International Atomic Energy Agency] chair, to use its good offices on North Korea's behalf.

There was certainly no hint of a change in Pyongyang's tack, which threatens the worst international crisis since Saddam Husayn sent his legions into Kuwait in August 1990.

While that crisis risked the West's economic well-being and raised the ugly spectre of Iraqi domination of oil-rich Gulf States, the latest threat to international order is hardly less grave, and solutions are certainly more complex.

At this stage, prospects appear slim of an international consensus emerging in favour of all-encompassing sanctions such as those applied against Iraq. Agreement on limited economic penalties will also test American diplomacy.

China last week indicated that it was reluctant to support sanctions when a Foreign Ministry spokesman said that Beijing "did not favour the resort to means that might sharpen the confrontation".

However, in the past few days there has been a slightly sterner tone in China's public references to the crisis.

XINHUA, the official Chinese newsagency, reported that the IAEA was "running into obstacles" in determining whether weapons-grade material had been diverted. Previously, Chinese media had refrained from using words that might in any way be construed as perjorative by Pyongyang. But none of this can be interpreted as an indication that China is about to change tack.

Russia, too, is wavering. President Yeltsin told South Korea's President Kim last week that Moscow would not support sanctions until a Russian-proposed international conference on the issue was held. This would seem a recipe for prevarication.

Meantime, suspicions continue to harden into near certainty that North Korea has on two occasions (the first was in 1989) diverted weapons-grade plutonium for bomb-making. Western intelligence believes it built one and possibly two nuclear devices after the first diversion.

The latest would give it the capability to add up to half a dozen bombs to its existing arsenal, according to Western estimates. But numbers are hardly the most relevant issue.

With even one nuclear device and, just as important, the means to deliver it, Pyongyang is in a position to terrorise South Korea and blackmail other States in the region.

Without doubt, this is potentially, if not actually, the gravest foreign policy crisis of the Clinton presidency, and one for which, judging by Mr Clinton's performance as far as Haiti and the former Yugoslavia are concerned, he is ill-equipped.

The stakes could not be higher. Failure to curb North Korea's nuclear ambitions:

—Risks the collapse of the Nuclear Non-Proliferation Treaty (NPT) which is due for renewal next year.

—Threatens to destabilise further the already combustible Korean peninsula.

—Risks setting off a nuclear arms race in north Asia with Japan, South Korea and Taiwan bidding for their own nuclear capabilities.

—Raises the alarming prospect of Pyongyang exporting its nuclear know-how to mid-eastern States, including Iran, Syria and Libya.

So what should the international community do in the face of North Korean defiance?

The US, with the support of both the South Koreans and the Japanese, is moving towards proposing limited sanctions that would further isolate Pyongyang economically. But for sanctions to bite hard, China's agreement would be needed to shut off oil supplies for both North Korea's domestic use and, more importantly, for its military machine.

Similarly, without the cooperation of China and Russia, a sea and air blockade of North Korea, as proposed by some, is not feasible.

The danger for the Americans, and for Mr Clinton in particular, is that lack of international consensus will leave the Administration again looking ineffectual in the face of a rogue regime's defiance.

The unpalatable prospect for the West is that in the end it might be obliged to swallow the fact that North Korea has become the latest nuclear power and hope that

Pyongyang, having achieved that position, would agree to "capping" arrangements to contain further development of its nuclear arsenal.

North Korea might, so thinking goes, endorse such a deal in return for Western undertakings to relieve its economic and diplomatic isolation. "Rewarding" North Korea for its recalcitrance would be a bitter solution. But, equally, the alternatives are extremely unappealing, such as the ultimate sanction—war.

Paper: DPRK Issue Revives Cold War Alliances

BK2806154294 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 9 Jun 94 p 19

[James Cotton Commentary: "Cold War Gains New Lease of Life"]

[Text] The United States, Japan and South Korea are now in agreement that the time has come to impose sanctions upon North Korea because of its failure to implement international inspections of its nuclear program. Yet few have asked what such sanctions would achieve, it being assumed that sooner or later North Korea would have to admit to its nuclear ambitions.

But if such an admission is not forthcoming, and if neither Russia nor China cooperate fully with Washington's policy, the US will have little real leverage, and North Korea will have succeeded in undermining the post-Cold War principle of the non-proliferation of nuclear weapons.

The assumption behind much of the manoeuvring over the Korean crisis has been that in the right circumstances North Korea would assent to international inspections which would establish the true character of the country's nuclear program.

In the past year, following the breakdown in inspection which occurred in early 1993, it has further been assumed that such inspections would expose this program as having the purpose of producing nuclear weapons.

This fact being demonstrated to the international community, pressures and inducements would then be used to motivate North Korea to abandon this weapons program. Tensions in the peninsula would ease, the Washington-Seoul alliance would be vindicated, and the principle of the unacceptability of nuclear weapons proliferation would be established.

These assumptions have never been valid, and have now been exposed as flawed. There is little chance that North Korea would take any steps which would make available incontrovertible evidence that the country has a nuclear weapons program. All through this crisis, North Korean spokesmen have asserted that such a program does not exist.

North Korea has rejected the final appeal to make available its nuclear records, so the issue will again be debated by the United Nations Security Council. If a resolution is proposed which would impose sanctions against the regime, what policy will North Korea follow?

The most likely step North Korea would take would be to leave the Nuclear Non-Proliferation Treaty [NPT] regime. For more than a year, the country has been on its own reckoning but not according to the IAEA [International Atomic Energy Agency] in a position of "suspended withdrawal" with regard to the treaty.

Such a step is the sovereign right of all signatories of the NPT, though withdrawal must be according to a set procedure which includes a three-month period of notice.

Once outside the NPT, North Korea would undoubtedly suffer further recriminations and isolation. But UN action to levy sanctions or take other measures would only be legitimised if the country could be declared a common security danger to the general peace and safety of the world.

Is it credible to regard North Korea as such a danger? The claim that the country is a general threat by virtue of its development of nuclear weapons is a weak one. There are a number of states outside the NPT, including Pakistan, Israel and India, that have nuclear weapons programs more sophisticated than that possessed by North Korea.

North Korea has not been engaged in a war since 1953, and although its international behaviour leaves something to be desired, its recent record is no worse than (for example) Syria which is presently courted by Washington as an associate in the Middle East peace process.

With these considerations in mind, it is unlikely that China would cooperate in levying sanctions. Without active Chinese support sanctions would not work, as more than half of North Korea's trade is with China.

And it is always possible that China would act positively to veto any UN Security Council resolution on this issue.

Meanwhile, the Russian proposal to convene an international conference on the issue, rather than adopt sanctions, has complicated matters further. Ever since President Yeltsin's visit to Seoul in 1992 the Russian influence in North Korea has been very much reduced. Now, smarting from domestic criticism from the right to the effect that Moscow's foreign policy has been made in Washington, Russia seeks to revive a role in a region long of strategic concern.

This leaves the US in a difficult position. South Korea and Japan are prepared to act in concert with the US to pressure Pyongyang. Without cooperation from Beijing and Moscow, however, it is not clear what pressure will achieve beyond including further perceptions of isolation and embattlement in North Korea.

American actions have contributed to these difficulties.

Initially, it was said that North Korea had to surrender its nuclear capability, and unless it did so the military option would be considered.

Then the US Secretary of State lectured the Chinese Government on its human rights failures. And Pakistan was offered a nuclear deal whereby provided no further fissile material was produced and the capping of its nuclear program was internationally verified, the country would be allowed to acquire further US weaponry.

The first initiative undermined efforts to co-operate with China on the North Korea issue. The second must have signalled to Pyongyang that the US was prepared to refrain from too close a scrutiny of the past activities of nuclear proliferators provided that their behaviour improved in the future.

But by arguing that the International Atomic Energy Agency have free access to the nuclear fuel elements currently being replaced in the reactor at Yongbyon, the US is insisting that all of the past history of North Korea's program should be exposed.

Just at the time that it is possible to speak of the post-Cold War era in Europe, the Cold War alliance structure in North-East Asia has been given a new lease of life.

Prime Minister Keating Leaves for Jakarta

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[From the "International Report" program]

[Text] Australian Prime Minister Paul Keating is on his way to Jakarta this afternoon with his eyes firmly set on what he calls one of Australia's most important international relationships. The focus on the interests the two countries share in the Asia-Pacific means that the Indonesian media crackdown is well down on the Keating agenda. Mr. Keating is under pressure from some Australian lobby groups to take Indonesia to task after Jakarta last week closed the country's three leading weekly news magazines—TEMPO, EDITOR, and DETIK. But the prime minister says he'll be using his informal talk with President Suharto tomorrow to discuss the APEC [Asia Pacific Economic Cooperation] Asia-Pacific leaders' summit in Jakarta in November. Mr. Keating told Graeme Dobell that the Suharto government's closure of its three leading news magazines was a backward step during a period of rapid change:

[Begin recording] [Keating] Indonesia is like many countries in the region; it's in a state of constant change where there are many imperatives starting to impact on the country: the growth imperative and all that brings with it for change, and diversity and plurality of opinion. I don't doubt that these are pressures which haven't been as evident in bygone days as they are now. For our part, Gareth Evans as foreign minister has made clear Australia's disappointment about the fact that these [word indistinct] have been changed. But again, from our point of view, I mean there are the same, similar things—there is press control in China and we're still doing trade with China, there is a fairly tight control of the press in Malaysia and we are still doing trade with Malaysia. I think, you know, this relationship now has many links to it and it does give us the opportunity, I think, to, you know, maintain a working relationship despite some of these things which are disappointments to us.

[Dobell] Does it symbolize [words indistinct] to put on the brakes? Is it a step back from the policy of openness that President Suharto has been talking about?

[Keating] Well, I think it may be that we will witness in many countries similar to Indonesia—such as Indonesia, similar to Indonesia—that there'll be, you know, (?full) four steps forward and one back and four forward and one back and then I think we'll see a bit of this. But, there's also strong public opinion—reactions—about this, where there is any crimp on information, wherever it occurs in most places, and I understand this to be the case in Indonesia as well.

[Dobell] One of the comments from Jakarta has been from the head of Indonesia's largest Muslim organization, Abdulraham Wahid, who said that he thought you, as a friend, should speak to the president on this. Do you have a duty perhaps as a friend to speak to Suharto on this?

[Keating] Australia is not the international news and media plurality policeman. Now, there is a sort of view around that because we have a very free press we ought to be arguing for a press similar to ours wherever we go. Well, we are an open and plural country and that's part of our strength, and we're also very forthright. But, you know, I mean I could make my next visit to China. The first item on the agenda I'll put press freedom and plurality. We [words indistinct] first agenda item no one should choose. [End recording]

Papua New Guinea

Paper Views Economy, Infrastructure

BK2706163494 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 8 Jun 94 p 18

[Editorial: "PNG's Drift Towards Disaster"]

[Text] More and more, Papua New Guinea seems to be drifting towards disaster.

The Wingti Government's expansionist budget strategy, based on the expectation of an oil and mining boom, has left the country with almost no foreign reserves.

The mini-Budget, brought down in March by the new Finance Minister, Mr Masket Iangalio was supposed to start bringing the Government's finances back under control by cutting the 1994 deficit from 7 per cent to just under 5 per cent of GDP. It accepted the reality of depressed oil prices, cutting spending and increasing taxes.

However, like last November's Budget, the mini-Budge was based on absurdly optimistic estimates of the cost of the war in Bougainville. Mr Iangalio's spending cuts have been almost completely offset by additional, unplanned spending in the province.

Economists are now expecting a budget deficit of between 5 and 6 per cent of GDP. It will be the third year in a row that the deficit has exceeded 5 per cent of GDP.

Rising oil and mineral prices should come to PNG's aid over the next few years. However, the PNG Government seems determined to do all in its power to deter new mining investment.

The Minister for Mining and Petroleum, Mr John Kaputin, has just announced a moratorium on new mining projects while he sorts out a new mining policy.

This follows a series of damaging controversies in which the Government has acquired a 15 per cent equity in the Porgera mine, delayed the Lihir project by making contradictory agreements on ownership, and changed the mining laws to deprive CRA [expansion not known] of its Mt Kare tenement. At the same time, BHP [Broken Hill Proprietary] has been the subject of a $4 billion suit over pollution from its Ok Tedi mine.

Mr Iangalio immediately contradicted Mr Kaputin's announcement of the moratorium. However, that just seems to confirm that the administration of PNG's mining policy will continue to be erratically driven by short-term political considerations.

And these problems overlay the long-standing structure problems of the PNG economy: urban wages that are five to six times higher than the country can afford; an oversized public sector; an overvalued exchange rate; a largely-neglected agricultural sector; and one of the lowest levels of spending on infrastructure in the Third World.

Despite the country's extraordinary mineral wealth and generous aid from Australia, the quality of life of the great majority of Papua New Guineans who live in the countryside is below that of comparable developing countries. Education standards are very low, with adult literacy and school participation rates below comparable developing countries. Health services are also inadequate in the country areas. Infant and maternal-mortality rates art very high. Life expectancy is five years below the average for middle-income countries.

The result has been the large-scale migration of people to the towns and a breakdown in law and order.

In an effort to keep people on the land, the Government has introduced price support schemes for the major export crops—coffee, cocoa, palm oil, and copra. These schemes, which made an important contribution to the blow-out of spending last year, are highly inefficient because they encourage production of crops when farmers should be cutting back. They also put the Budget at considerable risk.

The question is what will it take to persuade PNG's leaders to adopt more responsible economic policies.

One option is to leave the country to the tender mercies of the IMF. However, there's no guarantee that PNG's leaders would learn from the experience.

What is certain, however, is that Australia will always be under international pressure to bail out PNG. It will be seen by everyone as our special responsibility.

Perhaps Australia can do more to avert disaster now. Its aid to PNG is largely determined by treaty, although it may still have some leverage.

Australia is switching from general budget assistance to program aid, which gives Canberra more say in the way the money is spent. This year, just over a quarter of our aid to PNG will be program aid. By 1996-97, the proportion of program aid will be up to 52 per cent.

What happens after that is a matter for negotiation although the broad agreement is that all aid will be program aid by about the end of the decade. Australia can be more or less generous, depending on the behaviour of the PNG Government.

While that may not seem to offer much leverage over Port Moresby's notoriously myopic politicians, it gives Australian ministers an opportunity to comment on the state of PNG economic management and potentially influence the bureaucracy, public opinion and the markets. It may strengthen the hand of those in the PNG Cabinet, like Mr Iangalio, who are trying to achieve reform.

We will get no thanks for the intervention, but we might save Papua New Guinea from a period of self-inflicted misery.